

CITY OF MAYWOOD
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2020

**City of Maywood
Annual Financial Report
Year Ended June 30, 2020**

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Independent Auditor's Report

The Honorable City Council
City of Maywood, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Maywood (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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.

Van Lant & Fankhanel, LLP

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Opinions

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

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 12, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Van Lant & Frankhamel, LLP

February 12, 2021

BASIC FINANCIAL STATEMENTS

**City of Maywood
Statement of Net Position
June 30, 2020**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 10,791,857
Receivables:	
Accounts	106,409
Due from Other Governments	37,406
Interest Receivable	20,700
Taxes Receivable	1,912,668
Due from Successor Agency	100,322
Prepaid Costs	9,667
Restricted Cash and Investments	266,074
Capital Assets, Not Depreciated	5,303,858
Capital Assets, Depreciable, Net	27,389,927
Total Assets	45,938,888
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to OPEB	281,258
Deferred Outflows Related to Pensions	3,411,328
Total Deferred Outflows of Resources	3,692,586
LIABILITIES	
Accounts Payable and Accrued Liabilities	1,456,457
Deposits Payable	3,697
Interest Payable	61,250
Payable to Successor Agency	2,600,000
Noncurrent Liabilities:	
Due Within One Year	102,350
Due in More Than One Year	33,110,851
Total Liabilities	37,334,605
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to OPEB	230,303
Deferred Inflows Related to Pensions	1,332,770
Total Deferred Inflows of Resources	1,563,073
NET POSITION	
Net Investment in Capital Assets	29,968,785
Restricted For:	
Public Works	3,975,338
Community Development	3,674
Street Lighting	420,633
Debt Service	266,074
Unrestricted	(23,900,708)
Total Net Position	\$ 10,733,796

The accompanying notes are an integral part of this statement.

**City of Maywood
Statement of Activities
Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Contributions and Grants	Governmental Activities
Governmental Activities:					
General Government	\$ 3,570,141	\$ 444,814	\$ -	\$ -	\$ (3,125,327)
Public Safety	5,841,028	301,408	155,948	-	(5,383,672)
Community Development	1,725,077	6,572	715,984	-	(1,002,521)
Parks and Recreation	686,535	75	-	-	(686,460)
Public Works	3,060,196	510,149	1,276,841	1,709,191	435,985
Interest and Fiscal Charges	181,958	-	-	-	(181,958)
Total Governmental Activities	\$ 15,064,935	\$ 1,263,018	\$ 2,148,773	\$ 1,709,191	(9,943,953)
General Revenues:					
Taxes:					
Property taxes, Levied for General Purposes					2,079,215
Transient Occupancy Taxes					65,889
Sales Taxes					4,575,563
Franchise Taxes					244,607
Utility User Taxes					942,675
Motor Vehicle in Lieu, Unrestricted					2,976,092
Use of Money and Property					224,549
Other					215,058
					<u>11,323,648</u>
					Change in Net Position 1,379,695
					Net Position - Beginning of Year <u>9,354,101</u>
					Net Position - End of Year <u>\$ 10,733,796</u>

The accompanying notes are an integral part of this statement.

**City of Maywood
Balance Sheet
Governmental Funds
June 30, 2020**

	General Fund	Special Revenue Gas Tax	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 5,398,574	\$ 2,671,819	\$ 2,721,464	\$ 10,791,857
Cash with Fiscal Agents	266,074	-	-	266,074
Receivables:				
Accounts	32,430	73,979	-	106,409
Due from Other Governments	-	-	37,406	37,406
Interest	10,108	2,357	8,235	20,700
Taxes Receivable	1,912,668	-	-	1,912,668
Due from Other Funds	14,289	-	-	14,289
Due from Successor Agency	100,322	-	-	100,322
Prepaid Costs	9,667	-	-	9,667
Total Assets	\$ 7,744,132	\$ 2,748,155	\$ 2,767,105	\$ 13,259,392
LIABILITIES				
Accounts Payable	\$ 1,266,715	\$ 77,245	\$ 75,089	\$ 1,419,049
Accrued Liabilities	30,644	4,467	2,297	37,408
Due to Other Funds	-	-	14,289	14,289
Deposits	3,697	-	-	3,697
Payable to Successor Agency	2,600,000	-	-	2,600,000
Total Liabilities	3,901,056	81,712	91,675	4,074,443
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Taxes	98,630	-	-	98,630
Unavailable Revenues - Grants	-	-	-	-
Total Deferred Inflows of Resources	98,630	-	-	98,630
FUND BALANCES				
Nonspendable	9,667	-	-	9,667
Restricted	266,074	2,666,443	2,682,916	5,615,433
Committed	24,715	-	-	24,715
Assigned	-	-	-	-
Unassigned	3,443,990	-	(7,486)	3,436,504
Total Fund Balances	3,744,446	2,666,443	2,675,430	9,086,319
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,744,132	\$ 2,748,155	\$ 2,767,105	\$ 13,259,392

The accompanying notes are an integral part of this statement.

City of Maywood
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2020

Fund Balances of Governmental Funds	\$ 9,086,319
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets of governmental activities are not financial resources and, therefore, are not reported in governmental funds.	
Capital Assets	73,729,639
Accumulated Depreciation	(41,035,854)
Revenues not received soon enough after year-end to be considered available are deferred in the funds. The availability criteria does not apply to the government-wide financial statements.	
	98,630
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	
	(61,250)
Amounts for deferred inflows and deferred outflows related to the City's Net Pension and OPEB Liabilities are not reported in the funds:	
Deferred Outflows Related to Pensions	3,411,328
Deferred Inflows Related to Pensions	(1,332,770)
Deferred Outflows Related to OPEB	281,258
Deferred Inflows Related to OPEB	(230,303)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	
2008 Refunding Bonds	(2,660,000)
Compensated Absences	(58,581)
Total OPEB Liability	(2,880,333)
Net Pension Liability	(18,123,469)
Claims Liability	(9,490,818)
Net Position of Governmental Activities	\$ 10,733,796

The accompanying notes are an integral part of this statement.

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

	General Fund	Special Revenue Gas Tax	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 7,623,936	\$ 1,123,337	\$ 1,615,965	\$ 10,363,238
Licenses and Permits	575,407	-	-	575,407
Intergovernmental	3,481,498	-	1,157,694	4,639,192
Charges for Services	245,199	-	226,614	471,813
Use of Money and Property	147,093	17,041	60,417	224,551
Fines and Forfeitures	262,621	-	-	262,621
Miscellaneous	204,116	-	62	204,178
Total Revenues	12,539,870	1,140,378	3,060,752	16,741,000
EXPENDITURES				
Current:				
General Government	3,272,594	-	-	3,272,594
Public Safety	5,671,699	-	155,948	5,827,647
Community Development	1,114,059	-	611,018	1,725,077
Parks and Recreation	587,187	-	-	587,187
Public Works	-	751,218	711,867	1,463,085
Capital Outlay	67,479	4,875	198,599	270,953
Debt Service:				
Principal	65,000	-	-	65,000
Interest and Fiscal Charges	183,642	-	-	183,642
Total Expenditures	10,961,660	756,093	1,677,432	13,395,185
Excess (Deficiency) of Revenues Over Expenditures	1,578,210	384,285	1,383,320	3,345,815
OTHER FINANCING SOURCES (USES)				
Transfers In	101,707	-	104,814	206,521
Transfers Out	(104,814)	-	(101,707)	(206,521)
Total Other Financing Sources (Uses)	(3,107)	-	3,107	-
Change in Fund Balances	1,575,103	384,285	1,386,427	3,345,815
Fund Balances - Beginning of Year	2,169,343	2,282,158	1,289,003	5,740,504
Prior Period Adjustments	-	-	-	-
Fund Balances - End of Year	\$ 3,744,446	\$ 2,666,443	\$ 2,675,430	\$ 9,086,319

The accompanying notes are an integral part of this statement.

City of Maywood
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 3,345,815

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

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

Cost of assets capitalized	127,788
Depreciation expense	(1,650,614)

Revenues not received soon enough after year-end to be considered available are deferred in the funds. The availability criteria does not apply to the government-wide financial statements.	(296,370)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	65,000
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The amounts below included in the Statement of Activities do not provide (require) the use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds (net change):

Net Pension Liability	(736,269)
Compensated Absences	(4,441)
Total OPEB Liability	(115,171)

Amounts for deferred inflows and deferred outflows related to the City's Net Pension and OPEB Liabilities are not reported in the funds. This is the net change in deferred inflows and outflows related to these liabilities:

Deferred Outflows Related to Pensions	185,898
Deferred Inflows Related to Pensions	(146,484)
Deferred Outflows Related to OPEB	129,162
Deferred Inflows Related to OPEB	70,758

Accrued interest on bonds is not recorded in the governmental funds. This is the net change in accrued interest for the current period.	1,684
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Claims payable expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The following represents the net change:	<u>402,939</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 1,379,695</u></u>
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The accompanying notes are an integral part of this statement.

**City of Maywood
Statement of Net Position
Fiduciary Funds
June 30, 2020**

	Successor Agency Private-purpose Trust Fund	Agency Funds
ASSETS		
Cash and Investments	\$ -	\$ 109,694
Interest Receivable	847	-
Land Held for Resale	1,780,000	-
	1,780,847	-
Total Assets	1,780,847	\$ 109,694
LIABILITIES		
Accounts Payable	-	\$ -
Accrued Liabilities	530	-
Due to the City of Maywood	100,322	-
Deposits Payable	-	109,694
Pass-through Payable	46,542	-
Interest Payable	247,162	-
Bonds Payable	14,395,634	-
	14,790,190	-
Total Liabilities	14,790,190	\$ 109,694
NET POSITION		
Net Position Held in Trust for Successor Agency	\$ (13,009,343)	

The accompanying notes are an integral part of this statement.

City of Maywood
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2020

	Successor Agency Private-purpose Trust Fund
ADDITIONS	
Taxes	\$ 1,238,838
Investment Income	6,126
	1,244,964
Total Additions	
DEDUCTIONS	
Administrative Costs	31,364
Interest on Bonds	581,525
	612,889
Total Deductions	
Change in Net Position	632,075
Net Position - Beginning of Year	(13,641,418)
Net Position - End of Year	\$ (13,009,343)

The accompanying notes are an integral part of this statement.

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A) Reporting Entity

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

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

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

Maywood Financing Authority

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

B) Measurement Focus and Basis of Accounting

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

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

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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

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

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

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

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

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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

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

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

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

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

C) Fund Classifications

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

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

General Fund

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

Gas Tax Special Revenue Fund

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

Additionally, the City reports the following fund types:

Fiduciary Fund Financial Statements

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

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

D) Investments

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

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

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

E) Interfund Receivables and Payables

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

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

F) Prepaid Costs

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

G) Capital Assets

Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets received prior to the implementation of GASB Statement No. 72 were recorded at fair value on the date of donation. Donated capital assets received subsequent to the implementation of GASB 72 are recorded at acquisition value as of the date received. Capital assets, other than infrastructure assets, in excess of \$5,000 are capitalized if they have an expected useful life of one year or more. Infrastructure assets have a capitalization threshold of \$100,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

The following schedule summarizes the useful lives of capital assets:

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

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

H) Long-Term Obligations

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

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

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

l) Classification of Net Position and Fund Balance

1) Net Position

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

2) Fund Balance

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

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

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

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

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

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

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

The City's governmental fund balances at June 30, 2020, are presented below:

	General Fund	Gas Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$ 9,667	\$ -	\$ -	\$ 9,667
Restricted:				
Community Development	-	-	3,674	3,674
Debt Service	266,074	-	-	266,074
Street Lighting	-	-	420,633	420,633
Public Works	-	2,666,443	2,258,609	4,925,052
Committed:				
Community Benefit	24,715	-	-	24,715
Assigned:	-	-	-	-
Unassigned	3,443,990	-	(7,486)	3,436,504
Total Fund Balance	\$ 3,744,446	\$ 2,666,443	\$ 2,675,430	\$ 9,086,319

J) Property Taxes

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

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

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

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

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

K) Use of Estimates

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

L) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet for the governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City currently reports deferred outflows as a result of the City's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. See Notes 8 and 9 for more information.

In addition to liabilities, the statement of financial position and balance sheet for the governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently reports deferred inflows as a result of the City's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

M) Net Position Flow Assumption

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

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

N) Deficit Fund Balances

The \$7,486 deficit in the nonmajor CDBG Fund will be eliminated when future revenues are recognized.

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

The Governmental Accounting Standards Board has issued the following Statements, which may affect the City's financial reporting requirements in the future:

GASB 84 - Fiduciary Activities: This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB 87 – Leases: This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period: This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

GASB 90 – Majority Equity Interests: The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB 91 – Conduit Debt Obligations: The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

P) Pensions

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

Q) Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

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

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020

2) CASH AND INVESTMENTS

Cash and investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 10,791,857
Cash and Investments Held by Bond Trustee	266,074
Statement of Fiduciary Net Position:	
Cash and Investments	<u>109,694</u>
Total Cash and Investments	<u>\$ 11,167,625</u>

Cash and Investments consist of the following:

Petty Cash	\$ 300
Deposits with Financial Institutions	4,996,063
Investments	<u>6,171,262</u>
Total Cash and Investments	<u>\$ 11,167,625</u>

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

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

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

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

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020

2) CASH AND INVESTMENTS – Continued

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 36 Months	36 to 60 Months	More than 60 Months
LAIF	\$ 5,905,188	\$ 5,905,188	\$ -	\$ -	\$ -
Held by Fiscal Agent:	-				-
Money Market Funds	266,074	266,074			-
Total	<u>\$ 6,171,262</u>	<u>\$ 6,171,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020**

2) CASH AND INVESTMENTS – Continued

organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the City’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Total Investment	Minimum Legal Rating	Rating as of Year End		
			AAA/AA	Aa	Not Rated
LAIF	\$ 5,905,188	N/A	\$ -	\$ -	\$ 5,905,188
Held by Fiscal Agent:					
Money Market Funds	266,074	N/A	266,074	-	-
Total	<u>\$ 6,171,262</u>		<u>\$ 266,074</u>	<u>\$ -</u>	<u>\$ 5,905,188</u>

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2019, no deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

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

Investment in State Investment Pool

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

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally

**City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020**

2) CASH AND INVESTMENTS – Continued

accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. LAIF and money market funds are not subject to the fair value hierarchy and therefore, the City has no investments that are subject to the recurring fair value measurements.

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Current interfund receivables and payables as of June 30, 2020 are as follows:

		DUE FROM	
		Non-major Governmental Funds	Total
	DUE TO		
	General Fund	\$ 14,289	\$ 14,289
	Total	\$ 14,289	\$ 14,289

The purpose of these short-term interfund borrowings was to cover cash deficits at June 30, 2020.

Payable to Successor Agency

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

Payable to the City of Maywood

The payable to the City of Maywood of \$100,322 reported in the Successor Agency is related to short-term borrowing to cover the cash deficit in the Successor Agency.

Transfers

Transfers of \$104,814 were made from the General Fund to nonmajor governmental funds to cover operating costs and deficits in various funds. Non-major governmental funds transferred \$101,707 to the General Fund to close out unrestricted funds from the Section 108 Loan Fund, which will be closed out in the following fiscal year.

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020

4) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 is as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 5,247,570	\$ -	\$ -	\$ 5,247,570
Construction in Progress	-	127,788	(71,500)	56,288
Total Capital Assets, Not Depreciated:	5,247,570	127,788	(71,500)	5,303,858
Capital Assets Being Depreciated:				
Buildings	13,035,914	-	-	13,035,914
Land Improvements	617,026	-	-	617,026
Machinery and Equipment	735,574	-	-	735,574
Vehicles	206,686	-	-	206,686
Infrastructure	53,759,081	71,500	-	53,830,581
Total Capital Assets, Depreciated:	68,354,281	71,500	-	68,425,781
Less Accumulated Depreciation:				
Buildings	(4,059,860)	(257,868)	-	(4,317,728)
Land Improvements	(60,711)	(29,366)	-	(90,077)
Machinery and Equipment	(697,054)	(13,815)	-	(710,869)
Vehicles	(80,544)	(20,172)	-	(100,716)
Infrastructure	(34,487,071)	(1,329,393)	-	(35,816,464)
Total Accumulated Depreciation	(39,385,240)	(1,650,614)	-	(41,035,854)
Net Capital Assets, Depreciated	28,969,041	(1,579,114)	-	27,389,927
Total Capital Assets, Net	\$ 34,216,611	\$ (1,451,326)	\$ (71,500)	\$ 32,693,785

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

General Government	\$ 83,939
Public Works	1,453,946
Public Safety	13,381
Parks and Recreation	99,348
Total	\$ 1,650,614

5) LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2020 were as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
2008 Refunding Bonds	\$ 2,725,000	\$ -	\$ 65,000	\$ 2,660,000	\$ 70,000
Net Pension Liability	17,387,200	736,269	-	18,123,469	-
Total OPEB Liability	2,765,162	266,773	151,602	2,880,333	-
Compensated Absences	54,140	63,082	58,641	58,581	32,350
Claims Liability	9,893,757	-	402,939	9,490,818	-
Total	\$ 32,825,259	\$ 1,066,124	\$ 678,182	\$ 33,213,201	\$ 102,350

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020

5) LONG-TERM LIABILITIES - Continued

2008 Lease Revenue Refunding Bonds, Series A

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 70,000	\$ 183,750	\$ 253,750
2022	75,000	178,675	253,675
2023	80,000	173,250	253,250
2024	85,000	167,475	252,475
2025	90,000	161,350	251,350
2026 - 2030	570,000	696,500	1,266,500
2031 - 2035	805,000	458,328	1,263,328
2036 - 2039	885,000	129,325	1,014,325
Totals	<u>\$ 2,660,000</u>	<u>\$ 2,148,653</u>	<u>\$ 4,808,653</u>

6) FIDUCIARY FUND LONG-TERM DEBT

2017A-1, 2017A-2, and 2017B Tax Allocation Refunding Bonds

In October 2017, the Successor Agency issued the 2017A-1, 2017A-2, and 2017B Tax Allocation Refunding Bonds in the amounts of \$13,698,439, \$174,073 and \$1,528,071, respectively, totaling \$15,400,583. The purpose of the bonds was to advance refund the 2007 Tax Allocation Bonds. The 2007 Tax Allocation Bonds were used to refund the former Community Development Commission's Variable Rate Demand Tax Allocation Bonds that were issued to fund certain redevelopment projects within the project area including property acquisitions, sewer improvements, street improvements, and recreational improvements. The 2017 bonds mature on August 1, 2037. Interest on the bonds is payable semi-annually on February 1 and August 1 of each year. The long-term debt is reported in the Successor Agency Private-purpose Trust Fund in the Statement of Fiduciary Net Position.

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 561,997	\$ 557,693	\$ 1,119,690
2022	586,333	533,734	1,120,067
2023	609,914	509,928	1,119,842
2024	633,944	485,424	1,119,368
2025	658,922	459,955	1,118,877
2026 - 2030	3,705,102	1,881,194	5,586,296
2031 - 2035	4,494,834	1,075,903	5,570,737
2036 - 2038	3,144,588	189,036	3,333,624
Totals	<u>\$ 14,395,634</u>	<u>\$ 5,692,867</u>	<u>\$ 20,088,501</u>

**City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020**

7) RISK MANAGEMENT

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

As of June 30, 2010, the City of Maywood was a member of the California Joint Powers Insurance Agency (Authority). The Authority is composed of various California Public Entities and is organized under a joint powers agreement pursuant to California Government Code 6500 et seq.

The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee. A significant portion of the claims liability listed below is a result of the City's previous participation in the Authority's programs.

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

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

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

Fiscal Year	Claims Payable Beginning of Year	Additions	Deletions	Claims Payable End of Year
6/30/19	\$ 9,922,351	\$ 115,406	\$ (144,000)	\$ 9,893,757
6/30/20	9,893,757	-	(402,939)	9,490,818

**City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020**

8) CITY EMPLOYEE RETIREMENT PLAN

General Information about the Defined Benefit Pension Plan

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees’ Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police) and a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools.

The City sponsors three rate plans (two miscellaneous and one safety-inactive). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2018 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2018 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS’ website under Forms and Publications.

The Plan’s provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous	Miscellaneous PEPRA	Safety
	Prior to January 1, 2013	On or after January 1, 2013	Prior to June 1, 2007
Hire date			
Benefit formula	2% @ 55	2% @ 62	3% @ 50
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	62	50
Monthly benefits, as a % of eligible compensation	2%	2%	3%
Required employee contribution rates	7%	6.25%	n/a
Required employer contribution rates	10.221% + \$206,340	6.985% + \$326	n/a + \$1,119,099

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

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020

8) CITY EMPLOYEE RETIREMENT PLAN – Continued

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$1,325,765 in fiscal year 2020. The City's contributions to the Plan for the year ended June 30, 2020 were \$1,416,553.

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

As of June 30, 2020, the City reported a liability of \$18,123,469 for its proportionate share of the net pension liability. The City's net pension liability for the Plan is measured as of June 30, 2019, 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, 2018 rolled forward to June 30, 2019 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability as of June 30, 2018 and 2019 was as follows:

Proportion - June 30, 2018	0.18044%
Proportion - June 30, 2019	0.17687%
Change - Increase (Decrease)	-0.00357%

For the year ended June 30, 2020, the City recognized pension expense of \$2,113,820. At June 30, 2020, 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	\$ 1,416,553	\$ -
Differences between actual and expected experience	1,178,663	-
Changes in assumptions	768,331	178,853
Change in employer's proportion and differences	-	877,058
Differences between the employer's contributions and the employer's proportionate share of contributions	47,781	13,360
Net differences between projected and actual earnings on plan investments	-	263,499
Total	\$ 3,411,328	\$ 1,332,770

The \$1,416,553 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020

8) CITY EMPLOYEE RETIREMENT PLAN – Continued

Year Ending June 30,		
2021	\$	836,953
2022		(372,264)
2023		145,550
2024		51,776
2025		-
Thereafter		-

Actuarial Assumptions – The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.15%
Mortality	(2)

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

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

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Long-term Expected Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

**City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020**

8) CITY EMPLOYEE RETIREMENT PLAN – Continued

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	-	-0.92%

(1) An expected inflation of 2.0% used for this period.

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

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate –

The following presents the City’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.15%
Net Pension Liability	\$ 24,350,648
Current Discount Rate	7.15%
Net Pension Liability	\$ 18,123,469
1% Increase	8.15%
Net Pension Liability	\$ 13,007,129

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

9) OTHER POST EMPLOYMENT BENEFITS

Plan Description – The City provides the same medical plans to retirees and surviving spouses as to its active employees, with the exception that once a retiree becomes eligible for Medicare, he or she must join a Medicare HMO or a Medicare Supplement plan, with Medicare becoming the primary payer. The plan is a single-employer defined benefit post-employment healthcare benefits plan.

**City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020**

9) OTHER POST EMPLOYMENT BENEFITS – Continued

Benefits Provided - Employees are eligible for retiree health benefits if they retire from the City on or after age 50 and 5 years of service (age 52 for Miscellaneous PEPRA employees), and continue health insurance through a City-sponsored health insurance plan, the City will contribute the minimum monthly amount (as required by CalPERS) of the health insurance premium (\$136 for both calendar years 2019 and 2020). In addition, there are currently 9 retirees receiving OPEB, benefits end at the age of 65 for 5 of them and 4 of them are receiving lifetime benefits. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The City's health plan does not issue a publicly available financial report

Employees Covered by Benefit Terms – As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Retirees or spouses of retirees currently receiving benefits	20
Active employees	19
	39

Contributions – The Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employees and may be amended by agreements between the City and the bargaining units. The annual contributions to the Plan are based on the costs to provide the benefits as described above on a pay as you go basis. For the fiscal year ended June 30, 2020, the City's pay-as-you-go costs were \$151,602.

Total OPEB Liability - The City's total OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation dated June 30, 2018, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Actuarial Cost
Mortality	CalPERS 1997-2015 Experience Study; Scale MP-2018 for post-retirement mortality
Health Care Trend Rate	Non-Medicare 7.5% initial, 4.0% ultimate, Medicare 6.5% initial, 4.0% ultimate
Inflation Rate	2.75%
Participation at Retirement	50% of eligible actives will elect coverage at retirement
Salary Changes	3.00%
Discount Rate	3.50% - Bond Buyer 20-Bond GO index
Medical CPI	4.25% - used to project PERS statutory minimum benefit

Discount Rate – The discount rate used to measure the total OPEB liability was 3.50 percent and is based on the Bond Buyer 20-Bond GO index.

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020

9) OTHER POST EMPLOYMENT BENEFITS – Continued

Changes in the Total OPEB Liability

	Total OPEB Liability (TOL)
Balance at June 30, 2019 (June 30, 2018 measurement date)	\$ 2,765,162
Changes in the year:	
Service cost	25,273
Interest on the total OPEB liability	105,057
Differences between expected and actual experience	-
Assumption Changes	136,443
Benefit payments, including refunds	(151,602)
Net changes	115,171
Balance at June 30, 2020 (June 30, 2019 measurement date)	\$ 2,880,333

Sensitivity of the Total OPEB Liability to changes in the Discount Rate - The following presents the total OPEB liability of the City if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability (asset)	\$ 3,318,634	\$ 2,880,333	\$ 2,537,337

Sensitivity of the Total OPEB Liability to changes in the 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 a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Healthcare Trend	1% Increase
Total OPEB liability (asset)	\$ 2,519,746	\$ 2,880,333	\$ 3,334,489

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the year ended June 30, 2020, the City recognized OPEB expense of \$82,807. The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to the Measurement Date	\$ 167,556	\$ -
Changes of Assumptions	113,702	230,303
Net differences between projected and actual earnings on plan investments	-	-
Total	\$ 281,258	\$ 230,303

City of Maywood
Notes to Financial Statements
Year Ended June 30, 2020

9) OTHER POST EMPLOYMENT BENEFITS – Continued

The \$167,556 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as OPEB expense as follows:

Year Ending June 30,		
2021	\$	(48,017)
2022		(48,017)
2023		(48,017)
2024		4,710
2025		22,738
Thereafter		-

10) CJPIA LIABILITY

The City of Maywood has a liability for claims due to the California Joint Powers Insurance Authority (CJPIA) of approximately \$9.5 million (see Note 7 Risk Management). The liability is the result of significant claims against the Maywood Police Department, which was disbanded in June 2010. The City is actively working with CJPIA to develop a repayment plan. The City currently makes payments totaling \$144,000 each year to the CJPIA to pay down this liability.

11) SUCCESSOR AGENCY PASS-THROUGH PAYABLE

The pass-through payable in the Successor Agency Private-purpose Trust Fund of \$46,542 is the result of a judicial determination between the Los Angeles Unified School District (LAUSD) and the County of Los Angeles. The amount owed is the portion that is due from the former Maywood Community Development Commission. It is anticipated these will be paid through future RPTTF revenues received by the Successor Agency.

12) CONTINGENCIES

Los Angeles County District Attorney Investigation

On February 8, 2018, investigators with the Los Angeles County District Attorney's office (Public Integrity Division) served search warrants at City Hall, at properties of former and current members of the City Council and at the property of the city's general maintenance contractor. The records were requested pursuant to an ongoing investigation. It is unknown at this time what the outcome of the investigations will be. It is the opinion of Management that the investigations will have no impact on the City's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

City of Maywood
Required Supplementary Information
Year Ended June 30, 2020

Schedule of Changes in Total OPEB Liability
And Related Ratios – Last Ten Fiscal Years*

	Measurement Period		
	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 25,273	\$ 26,137	\$ 29,886
Interest on total OPEB liability	105,057	101,554	90,247
Changes in assumptions	136,443	(108,191)	(316,354)
Changes in benefits	-	-	-
Benefit payments, including refunds	(151,602)	(129,748)	(130,038)
Net change in total OPEB liability	115,171	(110,248)	(326,259)
Total OPEB liability - beginning	2,765,162	2,875,410	3,201,669
Total OPEB liability - ending (a)	<u>\$ 2,880,333</u>	<u>\$ 2,765,162</u>	<u>\$ 2,875,410</u>
Covered payroll	\$ 1,109,167	\$ 928,283	\$ 799,045
Total OPEB liability as a percentage of covered payroll	259.68%	297.88%	359.86%

*Fiscal year 2018 was the first year of implementation; therefore, 10 years of information are not yet available.

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in GASBS No. 75, paragraph 4, to pay related benefits.

Benefit Changes: None

Changes in Assumptions: Discount rate was updated based on municipal bond rate as of the measurement date.

Subsequent Events: The City began prefunding the OPEB liability in trust on September 18, 2020. This will reduce the net OPEB liability reported in future years.

**City of Maywood
Required Supplementary Information
Year Ended June 30, 2020**

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

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Employee Payroll	Proportionate Share of the Net Pension Liability as a % of Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2019	0.17687%	\$ 18,123,469	\$ 997,883	1816.19%	75.26%
2018	0.18044%	17,387,200	924,757	1880.19%	75.26%
2017	0.17579%	17,433,755	799,045	2181.82%	59.04%
2016	0.18271%	15,810,172	475,533	3324.73%	62.63%
2015	0.20124%	13,812,475	472,905	2920.77%	78.40%
2014	0.20141%	12,702,310	531,386	2390.41%	79.82%

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

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: The discount rate for the 6/30/14 Valuation was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense. None for 6/30/15 Valuation. In 2017, the accounting discount rate changed from 7.65% to 7.15%.

*Fiscal year 2015 was the first year of implementation, therefore, 10 years of information are not yet available.

**City of Maywood
Required Supplementary Information
Year Ended June 30, 2020**

**Schedule of Plan Contributions
Last 10 Years***

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2020	\$ 1,416,553	\$ (1,416,553)	\$ -	\$ 1,106,050	128.07%
2019	1,248,422	(1,248,422)	-	997,883	125.11%
2018	1,093,578	(1,093,578)	-	877,685	124.60%
2017	982,289	(982,289)	-	799,045	122.93%
2016	366,079	(366,079)	-	475,533	76.98%
2015	756,562	(49,725)	706,837	472,905	159.98%

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2013, 6/30/2014, 6/30/2015, 6/30/2016, 6/30/2017, and 6/30/2018

*Fiscal year 2015 was the first year of implementation; therefore, 10 years of information are not yet available.

City of Maywood
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 5,836,200	\$ 5,836,200	\$ 7,623,936	\$ 1,787,736
Licenses and Permits	606,400	606,400	575,407	(30,993)
Intergovernmental	2,820,000	2,820,000	3,481,498	661,498
Charges for Services	286,900	286,900	245,199	(41,701)
Use of Money and Property	116,000	116,000	147,093	31,093
Fines and Forfeitures	418,000	418,000	262,621	(155,379)
Miscellaneous	387,800	387,800	204,116	(183,684)
Total Revenues	10,471,300	10,471,300	12,539,870	2,068,570
EXPENDITURES				
Current:				
General Government	2,419,301	2,419,301	3,272,594	(853,293)
Public Safety	5,975,199	5,975,199	5,671,699	303,500
Community Development	369,900	369,900	1,114,059	(744,159)
Parks and Recreation	1,123,800	1,123,800	587,187	536,613
Capital Outlay	-	-	67,479	(67,479)
Debt Service:				
Principal	65,000	65,000	65,000	-
Interest and Fiscal Charges	188,500	188,500	183,642	4,858
Total Expenditures	10,141,700	10,141,700	10,961,660	(819,960)
Excess (Deficiency) of Revenues Over Expenditures	329,600	329,600	1,578,210	1,248,610
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	101,707	101,707
Transfers Out	-	-	(104,814)	(104,814)
Total Other Financing Sources (Uses)	-	-	(3,107)	(3,107)
Change in Fund Balances	329,600	329,600	1,575,103	1,245,503
Fund Balances - Beginning of Year	2,169,343	2,169,343	2,169,343	-
Fund Balances - End of Year	\$ 2,498,943	\$ 2,498,943	\$ 3,744,446	\$ 1,245,503

City of Maywood
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Gas Tax Special Revenue Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 735,800	\$ 735,800	\$ 1,123,337	\$ 387,537
Use of Money and Property	-	-	17,041	17,041
Total Revenues	<u>735,800</u>	<u>735,800</u>	<u>1,140,378</u>	<u>404,578</u>
EXPENDITURES				
Current:				
Public Works	<u>1,681,200</u>	<u>1,681,200</u>	<u>751,218</u>	<u>929,982</u>
Total Expenditures	<u>1,681,200</u>	<u>1,681,200</u>	<u>756,093</u>	<u>925,107</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(945,400)</u>	<u>(945,400)</u>	<u>384,285</u>	<u>1,329,685</u>
Change in Fund Balances	(945,400)	(945,400)	384,285	1,329,685
Fund Balances - Beginning of Year	<u>2,282,158</u>	<u>2,282,158</u>	<u>2,282,158</u>	<u>-</u>
Fund Balances - End of Year	<u><u>\$ 1,336,758</u></u>	<u><u>\$ 1,336,758</u></u>	<u><u>\$ 2,666,443</u></u>	<u><u>\$ 1,329,685</u></u>

City of Maywood
Notes to Required Supplementary Information
Year Ended June 30, 2020

BUDGETS AND BUDGETARY DATA

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

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

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

SUPPLEMENTARY INFORMATION

City of Maywood
Nonmajor Governmental Funds
Year Ended June 30, 2020

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

Measure M - To account for the "half-cent" local return revenues from the County-wide sales tax administered by Metro. These funds are to be used to pave local streets, potholes and traffic signals.

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

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

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

Measure W – To account for the revenues provided through the 2.5 cent parcel tax administered by the L.A. County Flood Control District.

Sewer Assessment – To account for assessments used to pay for the operation and maintenance of the City's sewer system.

CAPITAL PROJECTS FUNDS

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

**City of Maywood
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2020**

	Special Revenue				
	Prop 1B	Bikeway Grant	Proposition C	Section 108 Loan	Air Quality Improvement
ASSETS					
Cash and Investments	\$ -	\$ 35,324	\$ 275,489	\$ 3,313	\$ 80,000
Receivables:					
Due from Other Governments	-	-	-	-	8,754
Interest	-	15	1,296	361	39
Total Assets	\$ -	\$ 35,339	\$ 276,785	\$ 3,674	\$ 88,793
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ 40,993	\$ -	\$ 1,500
Accrued Liabilities	-	-	243	-	-
Due to Other Funds	-	-	-	-	754
Total Liabilities	-	-	41,236	-	2,254
FUND BALANCES					
Restricted	-	35,339	235,549	3,674	86,539
Unassigned	-	-	-	-	-
Total Fund Balances	-	35,339	235,549	3,674	86,539
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 35,339	\$ 276,785	\$ 3,674	\$ 88,793

Special Revenue

STPL Local Fund	Measure R	Proposition A	Measure M	Public Safety Grants	CDBG
\$ -	\$ 852,204	\$ 5,015	\$ 873,310	\$ -	\$ -
-	-	-	-	-	21,758
-	1,844	-	1,798	-	-
<u>\$ -</u>	<u>\$ 854,048</u>	<u>\$ 5,015</u>	<u>\$ 875,108</u>	<u>\$ -</u>	<u>\$ 21,758</u>
\$ -	-	-	-	-	13,655
-	-	-	-	-	2,054
-	-	-	-	-	13,535
-	-	-	-	-	29,244
-	854,048	5,015	875,108	-	-
-	-	-	-	-	(7,486)
-	854,048	5,015	875,108	-	(7,486)
<u>\$ -</u>	<u>\$ 854,048</u>	<u>\$ 5,015</u>	<u>\$ 875,108</u>	<u>\$ -</u>	<u>\$ 21,758</u>

CONTINUED

City of Maywood
Combining Balance Sheet
Non-Major Governmental Funds - Continued
June 30, 2020

	Special Revenue			Capital Projects	Total
	Street Lighting	Measure W	Sewer Assessment	Street Projects	
ASSETS					
Cash and Investments	\$ 430,038	\$ -	\$ 131,033	\$ 35,738	\$ 2,721,464
Receivables:					
Due from Other Governments	2,949	-	3,945	-	37,406
Interest	2,882	-	-	-	8,235
Total Assets	\$ 435,869	\$ -	\$ 134,978	\$ 35,738	\$ 2,767,105
LIABILITIES					
Accounts Payable	\$ 15,236	\$ -	\$ 3,705	\$ -	\$ 75,089
Accrued Liabilities	-	-	-	-	2,297
Due to Other Funds	-	-	-	-	14,289
Total Liabilities	15,236	-	3,705	-	91,675
FUND BALANCES					
Restricted	420,633	-	131,273	35,738	2,682,916
Unassigned	-	-	-	-	(7,486)
Total Fund Balances	420,633	-	131,273	35,738	2,675,430
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 435,869	\$ -	\$ 134,978	\$ 35,738	\$ 2,767,105

City of Maywood
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2020

	Special Revenue				
	Prop 1B	Bikeway Grant	Proposition C	Section 108 Loan	Air Quality Improvement
REVENUES					
Taxes	\$ -	\$ -	\$ 451,388	\$ -	\$ -
Intergovernmental Revenue	-	37,390	-	-	-
Charges for Services	-	-	6,300	-	34,284
Use of Money and Property	-	106	9,609	2,581	282
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	-	37,496	467,297	2,581	34,566
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Community Development	-	5,785	415,324	-	3,000
Parks and Recreation	-	-	-	-	-
Public Works	-	-	-	-	-
Capital Outlay	-	-	71,500	-	-
Total Expenditures	-	5,785	486,824	-	3,000
Excess (Deficiency) of Revenues Over Expenditures	-	31,711	(19,527)	2,581	31,566
OTHER FINANCING SOURCES (USES)					
Transfers In	11,584	-	-	-	-
Transfers Out	-	-	-	(101,707)	-
Total Other Financing Sources (Uses)	11,584	-	-	(101,707)	-
Net Change in Fund Balances	11,584	31,711	(19,527)	(99,126)	31,566
Fund Balances, Beginning of Year	(11,584)	3,628	255,076	102,800	54,973
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 35,339</u>	<u>\$ 235,549</u>	<u>\$ 3,674</u>	<u>\$ 86,539</u>

Special Revenue

STPL Local Fund	Measure R	Proposition A	Measure M	Public Safety Grants	CDBG
\$ -	\$ 338,057	\$ 544,167	\$ -	\$ -	\$ -
-	-	-	380,294	155,948	584,062
-	-	-	-	-	-
-	13,517	270	13,217	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	351,574	544,437	393,511	155,948	584,062
-	-	-	-	-	-
-	-	-	-	155,948	-
-	-	-	-	-	186,909
-	742	550,000	-	-	-
-	-	-	-	-	-
-	742	550,000	-	155,948	186,909
-	350,832	(5,563)	393,511	-	397,153
90,645	-	-	-	-	-
-	-	-	-	-	-
90,645	-	-	-	-	-
90,645	350,832	(5,563)	393,511	-	397,153
(90,645)	503,216	10,578	481,597	-	(404,639)
\$ -	\$ 854,048	\$ 5,015	\$ 875,108	\$ -	\$ (7,486)

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City of Maywood
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2020

	Special Revenue			Capital Projects	Total
	Street Lighting	Measure W	Sewer Assessment	Street Projects	
REVENUES					
Taxes	\$ -	\$ -	\$ 282,353	\$ -	\$ 1,615,965
Intergovernmental Revenue	-	-	-	-	1,157,694
Charges for Services	174,878	-	11,152	-	226,614
Use of Money and Property	20,835	-	-	-	60,417
Fines and Forfeitures	-	-	-	-	-
Miscellaneous	-	-	-	62	62
Total Revenues	195,713	-	293,505	62	3,060,752
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	155,948
Community Development	-	-	-	-	611,018
Parks and Recreation	-	-	-	-	-
Public Works	161,125	-	-	-	711,867
Capital Outlay	-	-	127,099	-	198,599
Total Expenditures	161,125	-	127,099	-	1,677,432
Excess (Deficiency) of Revenues Over Expenditures	34,588	-	166,406	62	1,383,320
OTHER FINANCING SOURCES (USES)					
Transfers In	-	2,585	-	-	104,814
Transfers Out	-	-	-	-	(101,707)
Total Other Financing Sources (Uses)	-	2,585	-	-	3,107
Net Change in Fund Balances	34,588	2,585	166,406	62	1,386,427
Fund Balances, Beginning of Year	386,045	(2,585)	(35,133)	35,676	1,289,003
Fund Balances, End of Year	\$ 420,633	\$ -	\$ 131,273	\$ 35,738	\$ 2,675,430

City of Maywood
Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2020

	Beginning Balance	Additions	Deletions	Ending Balance
ASSETS				
Cash and Investments	\$ 109,687	\$ 7	\$ -	\$ 109,694
Total Assets	<u>\$ 109,687</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 109,694</u>
LIABILITIES				
Deposits	\$ 109,687	\$ 7	\$ -	\$ 109,694
Total Liabilities	<u>\$ 109,687</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 109,694</u>