

**CITY COUNCIL /PLANNING COMMISSION/SUCCESSOR AGENCY
MEETING
CITY OF PARLIER**

“REGULAR MEETING AGENDA”

DATE: Wednesday, January 04, 2017
TIME: 6:30 P.M.
PLACE: Parlier City Council Chambers
1100 E. Parlier Avenue
Parlier, CA 93648

I. CALL TO ORDER/WELCOME:

Roll Call: Mayor Alma M. Beltran, Councilwoman Diane Maldonado, Councilwoman Yolanda Padilla, Councilman Noe Rodriguez, Councilman Jose Escoto, City Clerk Dorothy Garza.

Flag Salute: Mayor Alma M. Beltran

Invocation: Councilmember Padilla

II. ADDITIONS/DELETIONS TO THE AGENDA:

III. PUBLIC COMMENTS ON CLOSED SESSION:

(THIS PORTION OF THE MEETING IS RESERVED FOR PERSONS DESIRING TO ADDRESS THE COUNCIL ON AN ITEM WHICH IS TO BE CONSIDERED DURING CLOSED SESSION. SPEAKERS SHOULD LIMIT THEIR COMMENTS TO FIVE (5) MINUTES.)

IV. CLOSED SESSION:

1. Government Code section 54956.9(d)(1)
Conference with Legal Counsel - Existing Litigation
Name of Case: City of Parlier v. Dow Chemical Co., et al. (In Re: Coordination Proceeding TCP Cases) San Bernardino Superior Court Case No. JCPSS4435

2. Government Code section 54957
PBLC EMPLOYEE PERFORMANCE EVALUATION
TITLE: City Attorney

V. PRESENTATIONS/INFORMATIONAL:

- A. Goodwin Consulting Group, Inc., Parcel Tax Administration
- B. Fresno Housing Authority, Oak Grove Apartments.
- C. Independent Auditor's Report and Financial Statements
- D. Purple Hearts Holistic Alternative Therapy
- E. Prop 64 Results, Ted Miller

VI. PUBLIC COMMENTS: PERSONS WISHING TO ADDRESS THE COUNCIL ON ITEMS WITHIN ITS JURISDICTION, BUT NOT ON THIS AGENDA MAY DO SO NOW

Note: State law allows the Council to briefly respond to questions on items raised by the public, which are not on the agenda. Government Code Section 54954.2(a). Alternatively, the Council may choose to direct staff to provide information at a following meeting. Any member of the public may comment on any matter within the jurisdiction of the City that is not on the agenda. Those wishing to comment should be recognized by the Mayor and approach the podium. Comments are limited to five (5) minutes.

VII. CONSENT CALENDAR: These matters are routine in nature and will be enacted with one vote. There will be no separate discussion for these items unless requested; in which case, the item will be removed from the Consent Calendar for separate action. Prior to action on the Consent Calendar, the public will be given the opportunity to comment on any consent calendar item.

- A. Approve the Check Reports dated December 03, 2016 through December 28, 2016.
- B. Adopt and approve Minutes dated December 12, 2016 Special Meeting.
- C. Proclaim January 22-28, 2017 as Parlier School Choice Week.
- D. Waive rental fees for the use of the Community Center by the Parlier Youth Football League for an awards banquet.
- E. Waive rental fees for the use of the Community Center by the Parlier Rotary Club for food distribution.

VIII. DEPARTMENT REPORTS:

A. SUCCESSOR AGENCY:

- 1. **SUBJECT:** A Resolution of the Successor Agency Approving a Successor Agency Continuing Disclosure Contract Submitted by RSG, Inc.

RECOMMENDATION: Staff recommends that the Successor Agency approve the following:

- 1. Successor Agency Approving a Professional Services Agreement with RSG, Inc. to Provide Successor Agency Continuing Disclosure Consulting Services for Fiscal Years 2015-16 through 2019-20 and Adopt **Resolution No. SA 2017-01** A Resolution of the Successor Agency to the Redevelopment Agency of the City of Parlier Approving a Professional Services Agreement with RSG, Inc. to Provide Successor Agency Continuing Disclosure Consulting Services for Fiscal Years 2015-16 through 2019-20
- 2. **SUBJECT:** Recommend Purchase Offer to the Oversight Board for Final Selection.

RECOMMENDATION: Recommend a purchase offer to the Oversight Board to the Parlier Successor Agency for purchase and development of Assessor Parcel Number ("APN") 358-390-41, located in the City of Parlier and adopt **Resolution SA 2017-02** A Resolution of the Successor Agency to the City of Parlier Redevelopment Agency Recommending a Purchase Offer to the Oversight Board for Purchase and Development of Assessor Parcel Number 358-390-41.

B. ADMINISTRATON DEPARMENT:

1. **SUBJECT:** City Council to consider approval of Establishing a Temporary Incentive Program to attract Development by Reducing Development Impact Fees by 50%.

RECOMMENDATION: Staff is recommends the City Council hear this matter and direct staff accordingly, The City Council may consider the following option(s):

- 1) City Council approve the extension of the Temporary Incentive Program and approve **Resolution No. 2017-01** Authorizing a Temporary Impact Fee Reduction Program.
 - 2) City Council may take no action on this item.
2. **SUBJECT:** Youth Centers of America Contract for the Academy of Excellence.

RECOMMENDATION: Council to take action and direct staff accordingly:

- 1) Terminate the Contract, or
 - 2) Modify the contract, or
 - 3) Make no changes to the contract.
3. **SUBJECT:** Approve the designation of the Assembly Bill 939 Memorandum of Understanding Committee as the Integrated Waste Management Local Task Force.

RECOMMENDATION: Approve the **Resolution 2017-02** restructuring of the current Integrated Waste Management Local Task Force and authorizing the designation of the Assembly Bill 939 Memorandum of Understanding Committee to serve in the capacity and perform the functions of the Fresno County Integrated Waste Management Local Task Force. Authorize the City Manager or her designee to coordinate the process with the County of Fresno and the 15 incorporated cities.

4. **SUBJECT:** Re-Organization of Councilmembers assignments.

RECOMMENDATION: It is recommended that the Mayor and Council re-organize the duties of the Councilmembers.

1. Local Agency Formation Commission (LAFCO) representative.

Once a month on a Wednesday at 10 A.M.

2. Five Cities Joint Power Authority

Every other month, the last Monday of the month from 12:00 P.M. – 2:00 P.M.

3. Latino Mayors and Elected Officials

Once every other month from 11 A.M. -1:00 P.M.

4. Mayor Pro temp

5. California Integrated Waste Management Board

Third Tuesday of the month from 10 A.M. – 1 P.M.

6. San Joaquin Valley Air Pollution District

Third Tuesday of the month at 9 A.M.

C. COMMUNITY DEVELOPMENT DEPARTMENT:

1. **SUBJECT:** Resolution of the City Council of the City of Parlier Approving the Submission of Grant Applications for the Remove II Grant Program, and Naming City Manager as the Signing Authority, to the San Joaquin Valley Air Pollution Control District.

RECOMMENDATION: Resolution No. 2017-03 Approving the Resolution for the Remove II Grant Program. The Resolution approves the submission of the Remove II grant to the San Joaquin Valley Air Pollution Control District, and names the city manager as the signature authority.

IX. PUBLIC COMMENTS ON CLOSED SESSION:

(THIS PORTION OF THE MEETING IS RESERVED FOR PERSONS DESIRING TO ADDRESS THE COUNCIL ON AN ITEM WHICH IS TO BE CONSIDERED DURING CLOSED SESSION. SPEAKERS SHOULD LIMIT THEIR COMMENTS TO FIVE (5) MINUTES.)

X. CLOSED SESSION:

1. Government Code Section 54957
PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: City Manager
2. Government Code Section 54957.6 CONFERENCE WITH LABOR NEGOTIATORS
Agency representative: Israel Lara, City Manager and Jenell Van Bindsbergen, City Attorney
Employee Organization: Parlier Peace Officers Association
3. Government Code Section 54956.9
Conference with Legal Counsel - Anticipated Litigation
Significant Exposure to Litigation Pursuant to Paragraph (2) or (3) of Subdivision (d) of Section 54956.9 -3 cases
4. Government Code section 54956.9(d)(1)
Conference with Legal Counsel - Existing Litigation
Name of Case: City of Parlier v. Padron
Fresno Superior Court Case No. 16CECG00211

XI. COUNCIL COMMUNICATIONS/COMMENTS:

XII. ADJOURNMENT:

ADA Notice: In compliance with the American with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk at (559) 646-3545 ext. 227. Notification 48 hours prior to the meeting will enable the City to make arrangements to ensure accessibility to this meeting.

Documents: Any writings or documents provided to a majority of the City Council regarding any item on this agenda will be made available for public inspection at the front counter at City Hall located at 1100 E. Parlier Avenue, Parlier, CA during normal business hours. In addition, most documents are posted on the City's website at parlier.ca.us

STATEMENT ON RULES OF DECORUM AND ENFORCEMENT

The Brown Act provides that members of the public have a right to attend public meetings, to provide public comment on action items and under the public forum section of the agenda, and to criticize the policies, procedures, or services of the city or of the acts or omissions of the city council. The Brown Act also provides that the City Council has the right to exclude all persons who willfully cause a disruption of a meeting so that it cannot be conducted in an orderly fashion.

During a meeting of the Parlier City Council, there is a need for civility and expedition in the carrying out of public business in order to ensure that the public has a full opportunity to be heard and that the Council has an opportunity to conduct business in an orderly manner. The following is provided to place everyone on notice of the rules of decorum and enforcement.

GENERAL RULES OF DECORUM

While any meeting of the City Council is in session, the following rules of decorum shall be observed:

1. All remarks shall be addressed to the City Council as a whole and not to any single member, unless in response to a question from a member of the City Council.
2. A person who addresses the City Council under public comment for a specific agenda item or under the Public Forum section of the agenda may not engage in speech or conduct (i) which is likely to provoke others to violent or riotous behavior, (ii) which disturbs the peace of the meeting by loud and unreasonable noise, (iii) which is irrelevant or repetitive, or (iv) which disrupts, disturbs, or otherwise impedes the orderly conduct of any City Council meeting.
3. A person, other than members of the Council and the person, who has the floor, shall not be permitted to enter into the discussion unless requested by the Mayor to speak.
4. Members of the City Council may not interrupt a person who has the floor and is making public comments. Members of the City Council shall wait until a person completes his or her public comments before asking questions or commenting. The Mayor shall then ask Council members if they have comments or questions.
5. No person in the audience at a Council meeting shall engage in disorderly or boisterous conduct, including the utterance of loud, threatening or abusive language, whistling, stamping of feet or other acts which disturb, disrupt or otherwise impeded the orderly conduct of any Council meeting.

CITY OF PARLIER PARCEL TAX ADMINISTRATION

JANUARY 4, 2017

GOODWIN CONSULTING GROUP, INC.



TAX LEVY PROCESS & TIMELINE

Period	Item	Action
June 1 - July 15	Parcel Data Research	GCG will compile City parcel data into database. Conduct validation checks and queries on County assessor parcel data. Research unit counts on MFR parcels. Coordinate with City staff on parcel tax issues.
July 15 - July 20	Calculate Parcel Tax Levy	GCG will apply the parcel tax rates shown in City Ordinance No. 2016-03 to all non-exempt parcels in the City. GCG will submit the tax levy to City staff for review, comment, and final approval.
July 29	Tax Levy Submittal to Fresno County	GCG will submit the approved parcel tax levy to the Fresno County Auditor's Office.
July 29	Parcel Rejects and Corrections	If any parcels are rejected by the County Auditor, GCG will make the necessary correction and resubmit the parcel and levy to the Auditor's Office.
August	Tax Levy Proof Report Review	GCG will review the tax levy proof report sent by the County to verify placement of parcel taxes on the property tax roll.
November	Parcel Tax Annual Review Report	Pursuant to Ordinance No. 2016-3, GCG will coordinated with City staff regarding the City's use of the prior year's parcel tax revenues; complete the Annual Review Report and send to City.

PRELIMINARY PARCEL TAX LEVY

Parcel Zoning	Parcels	Multi-Family Units	Special Tax Rate	Total Special Tax Levy
Single Family Residential	2,289	-	\$120 per Parcel	\$274,680
Multi-Family Residential	-	788	\$95 per Unit	\$74,860
Mobile Homes	7		\$100 per Parcel	\$700
Agricultural	13	-	\$120 per Parcel	\$1,560
Commercial Office	119	-	\$975 per Parcel	\$116,025
Industrial	29	-	\$1,200 per Parcel	\$34,800
Totals	2,457	788		\$502,625

QUESTIONS?





CITY OF PARLIER

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2016

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet – Governmental Funds	6
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	8
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities	9
Statement of Net Position – Proprietary Funds	10
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	11
Statement of Cash Flows – Proprietary Funds	12 - 13
Statement of Fiduciary Net Position – Private Purpose Trust Fund – Successor Agency	14
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Fund – Agency	15
Notes to the Basic Financial Statements	16 - 43
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	44
Budgetary Comparison Schedule – Housing Grant Fund	45
Budgetary Comparison Schedule – Community Development	46
Budgetary Comparison Schedule – Day Care Fund	47
Notes to the Required Supplementary Information	48
Proportionate Share of Net Pension Liability	49
Schedule of Contributions	50

TABLE OF CONTENTS (Continued)

Page

SUPPLEMENTARY INFORMATION

Combining Balance Sheet – Nonmajor Governmental Funds	51
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	52
Day Care Center Statement of Activities	53
Day Care Center Schedule of Expenditures by State Categories	54
Day Care Center Schedule of Reconciliation of California Department of Education and Generally Accepted Accounting Principles Expense Reporting	55
Day Care Center Schedule of Equipment Expenditures	56
Day Care Center Combining Schedule of Renovation and Repair Expenditures	57
Day Care Center Schedule of Reimbursable Administrative Costs	58
Audited Attendance and Fiscal Report for California State Preschool Programs	59 - 61
Audited Reserve Account Activity Report	62

OVERALL COMPLIANCE, INTERNAL CONTROLS AND FEDERAL AWARDS SECTION

Schedule of Expenditures of Federal and State Awards	63 - 64
Notes to Schedule of Expenditures of Federal and State Awards	65
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	66 - 67
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	68 - 69
Schedule of Findings and Questioned Costs	70
Summary Schedule of Prior Audit Findings	71

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Parlier, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Parlier, California (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Parlier, California, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principles

As discussed in Note 1 to the financial statements, effective July 1, 2015, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 44 - 47, the proportionate share of net pension liability on page 49, and the schedule of contributions on page 50 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.

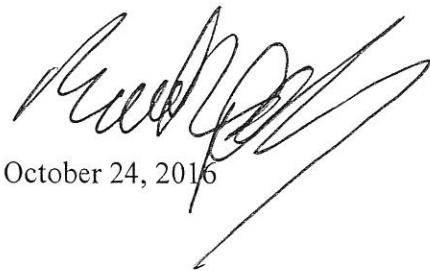
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements and Day Care Center schedules on pages 51 - 62 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to be "Audrey", written over the date.

October 24, 2016

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF PARLIER

STATEMENT OF NET POSITION JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 3,941,224	\$ 806,424	\$ 4,747,648
Accounts receivable	42,292	487,072	529,364
Due from other governments	517,866	-	517,866
Internal balances	(1,497,636)	1,497,636	-
Interest receivable	599	495	1,094
Deposits	100,143	-	100,143
Prepays	19,520	-	19,520
Notes receivable	12,899,584	-	12,899,584
Related party receivables, net	67,424	-	67,424
Capital assets:			
Non-depreciable	2,162,595	2,594,636	4,757,231
Depreciable (net)	3,265,742	4,728,146	7,993,888
Total assets	21,519,353	10,114,409	31,633,762
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	366,385	149,250	515,635
Total deferred outflow of resources	366,385	149,250	515,635
LIABILITIES			
Accounts payable and accrued expenses	175,319	210,828	386,147
Accrued interest	-	42,332	42,332
Deposits	8,800	136,069	144,869
Unearned revenue	64,045	-	64,045
Net pension liability	813,040	592,649	1,405,689
Noncurrent liabilities:			
Due within one year:			
Bonds payable	-	77,000	77,000
Capital lease payable	-	32,489	32,489
Note payable	-	28,654	28,654
Compensated absences	47,379	15,680	63,059
Due in more than one year:			
Bonds payable	-	1,566,000	1,566,000
Capital lease payable	-	328,406	328,406
Note payable	-	91,416	91,416
Compensated absences	110,550	36,589	147,139
Total liabilities	1,219,133	3,158,112	4,377,245
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	273,523	120,983	394,506
Total deferred inflows of resources	273,523	120,983	394,506
NET POSITION			
Net investment in capital assets	5,428,337	5,198,817	10,627,154
Restricted for debt service	-	161,000	161,000
Restricted for public works	3,974,948	-	3,974,948
Restricted for day care	1,500	-	1,500
Restricted for community development	168,082	-	168,082
Unrestricted	10,820,215	1,624,747	12,444,962
Total net position	\$ 20,393,082	\$ 6,984,564	\$ 27,377,646

CITY OF PARLIER

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expense	Program Revenue			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 519,824	\$ -	\$ -	\$ -	\$ (519,824)	\$ -	\$ (519,824)
Public safety	2,400,650	147,839	512,479	-	(1,740,332)	-	(1,740,332)
Public works	1,104,209	-	1,294,409	-	190,200	-	190,200
Community development	2,156,520	144,898	5,755,480	-	3,743,858	-	3,743,858
Parks and recreation	247,951	37,053	6,560	-	(204,338)	-	(204,338)
Day care	858,507	30,265	813,511	-	(14,731)	-	(14,731)
Total governmental activities	7,287,661	360,055	8,382,439	-	1,454,833	-	1,454,833
Business-type activities:							
Water	1,017,577	1,454,378	-	98,108	-	534,909	534,909
Sewer	1,602,921	1,241,671	-	88,683	-	(272,567)	(272,567)
Disposal	1,165,478	1,078,537	-	-	-	(86,941)	(86,941)
Total business-type activities	3,785,976	3,774,586	-	186,791	-	175,401	175,401
Total primary government	\$ 11,073,637	\$ 4,134,641	\$ 8,382,439	\$ 186,791	1,454,833	175,401	1,630,234
General revenues:							
Property taxes					454,959	-	454,959
Motor vehicle taxes					1,161,858	-	1,161,858
Sales taxes					306,840	-	306,840
Franchise taxes					186,740	-	186,740
Licenses and permits					303,234	-	303,234
Interest and rent					57,216	1,544	58,760
Sale of asset					3,726	-	3,726
Other					26,366	19,575	45,941
Transfers					23,618	(23,618)	-
Total general revenues and transfers					2,524,557	(2,499)	2,522,058
Changes in net position					3,979,390	172,902	4,152,292
Net position - beginning					16,413,692	6,811,662	23,225,354
Net position - ending					\$ 20,393,082	\$ 6,984,564	\$ 27,377,646

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

FUND FINANCIAL STATEMENTS

CITY OF PARLIER

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2016

	General	Housing Grants	Community Development	Day Care	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 3,941,224	\$ 3,941,224
Accounts receivable	2,822	-	-	39,470	-	42,292
Due from other governments	153,500	215,320	54,800	47,715	46,531	517,866
Interest receivable	11	-	-	-	588	599
Deposits	-	100,143	-	-	-	100,143
Prepays	-	-	-	19,520	-	19,520
Notes receivable, net	748,872	10,716,536	1,434,176	-	-	12,899,584
Related party receivables	67,424	-	-	-	-	67,424
Total assets	\$ 972,629	\$ 11,031,999	\$ 1,488,976	\$ 106,705	\$ 3,988,343	\$ 17,588,652
LIABILITIES						
Accounts payable and accrued expenses	\$ 110,277	\$ 26,000	\$ 22,074	\$ 3,573	\$ 13,395	\$ 175,319
Deposits	8,800	-	-	-	-	8,800
Unearned revenue	-	64,045	-	-	-	64,045
Due to other funds	1,281,708	57,336	56,960	101,632	-	1,497,636
Total liabilities	1,400,785	147,381	79,034	105,205	13,395	1,745,800
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	30,301	-	54,800	-	-	85,101
Deferred loans	-	10,716,536	1,389,532	-	-	12,106,068
Total deferred inflows of resources	30,301	10,716,536	1,444,332	-	-	12,191,169
FUND BALANCES						
Nonspendable:						
Notes receivable	748,872	-	1,434,176	-	-	2,183,048
Restricted:						
Public Works	-	-	-	-	3,974,948	3,974,948
Day Care	-	-	-	1,500	-	1,500
Community Development	-	168,082	-	-	-	168,082
Unassigned	(1,207,329)	-	(1,468,566)	-	-	(2,675,895)
Total fund balances	(458,457)	168,082	(34,390)	1,500	3,974,948	3,651,683
Total liabilities, deferred inflows of resources, and fund balances	\$ 972,629	\$ 11,031,999	\$ 1,488,976	\$ 106,705	\$ 3,988,343	\$ 17,588,652

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

CITY OF PARLIER

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION JUNE 30, 2016

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

Total fund balances - governmental funds	\$ 3,651,683
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	5,428,337
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	12,191,169
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(157,929)
Net pension liability and related deferred inflows of resources and outflows of resources are not financial resources and, therefore, are not reported in the governmental funds.	<u>(720,178)</u>
Net position of governmental activities	<u>\$ 20,393,082</u>

CITY OF PARLIER

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	General	Housing Grants	Community Development	Day Care	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 2,062,700	\$ -	\$ -	\$ -	\$ 47,697	\$ 2,110,397
Intergovernmental	624,565	1,816,095	316,058	921,742	1,235,094	4,913,554
Charges for services	252,677	61,086	-	30,265	-	344,028
Licenses, permits and impact fees	253,144	-	-	-	38,697	291,841
Fines and forfeitures	58,093	-	-	-	-	58,093
Interest and rent	54,979	23,346	-	-	1,836	80,161
Other	59,889	4,245	619	-	-	64,753
Total revenues	<u>3,366,047</u>	<u>1,904,772</u>	<u>316,677</u>	<u>952,007</u>	<u>1,323,324</u>	<u>7,862,827</u>
EXPENDITURES						
Current:						
General government	494,578	-	-	-	-	494,578
Public safety	2,524,105	-	-	-	-	2,524,105
Public works	62,668	-	111,713	-	947,167	1,121,548
Community development	449,322	1,707,421	33,686	-	-	2,190,429
Parks and recreation	198,666	-	-	-	-	198,666
Day care	1,500	-	-	857,008	-	858,508
Capital outlay	7,000	-	47,713	-	60,630	115,343
Total expenditures	<u>3,737,839</u>	<u>1,707,421</u>	<u>193,112</u>	<u>857,008</u>	<u>1,007,797</u>	<u>7,503,177</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(371,792)</u>	<u>197,351</u>	<u>123,565</u>	<u>94,999</u>	<u>315,527</u>	<u>359,650</u>
OTHER FINANCING SOURCES (USES)						
Sale of equipment	3,726	-	-	-	-	3,726
Transfers in	196,723	-	175,212	1,500	-	373,435
Transfers out	(319,598)	(218)	-	-	(30,002)	(349,818)
Total other financing sources (uses)	<u>(119,149)</u>	<u>(218)</u>	<u>175,212</u>	<u>1,500</u>	<u>(30,002)</u>	<u>27,343</u>
Change in fund balances	(490,941)	197,133	298,777	96,499	285,525	386,993
Fund balances - beginning	45,716	(29,051)	(333,167)	(108,231)	3,689,423	3,264,690
Prior period adjustments	(13,232)	-	-	13,232	-	-
Fund balance - beginning, restated	<u>32,484</u>	<u>(29,051)</u>	<u>(333,167)</u>	<u>(94,999)</u>	<u>3,689,423</u>	<u>3,264,689</u>
Fund balances - ending	<u>\$ (458,457)</u>	<u>\$ 168,082</u>	<u>(34,390)</u>	<u>\$ 1,500</u>	<u>\$ 3,974,948</u>	<u>\$ 3,651,683</u>

CITY OF PARLIER

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

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

Net change in fund balances - total governmental funds	\$ 386,993
Compensated absences costs in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	5,668
Governmental funds report capital outlays as expenditures. However, in the statement of activities and changes in net position the cost of those assets is capitalized as an asset and depreciated over the period of service.	115,344
Depreciation expense on capital assets is reported in the statement of activities, but does not require the use of current financial resources. Therefore, depreciation expense is not required as an expenditure in governmental funds.	(171,833)
Some amounts included in the statement of activities do not provide (or require the use of current financial resources and, therefore, are not reported as revenue or expenditures in the governmental fund (net change):	
Unavailable revenue	(652,323)
Deferred loans	4,093,247
Change in pension liability	<u>202,294</u>
Change in net position of governmental activities	<u>\$ 3,979,390</u>

CITY OF PARLIER

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2016

	Business-Type Activities			
	Water	Sewer	Disposal	Total
ASSETS				
Current assets:				
Cash and investments	\$ 806,424	\$ -	\$ -	\$ 806,424
Accounts receivable, net	278,280	125,056	83,736	487,072
Due from other funds	2,006,682	-	-	2,006,682
Interest receivable	436	59	-	495
Total current assets	<u>3,091,822</u>	<u>125,115</u>	<u>83,736</u>	<u>3,300,673</u>
Noncurrent assets:				
Property, plant and equipment (net of allowance for depreciation)	1,627,712	5,695,070	-	7,322,782
Total noncurrent assets	<u>1,627,712</u>	<u>5,695,070</u>	<u>-</u>	<u>7,322,782</u>
Total assets	<u>4,719,534</u>	<u>5,820,185</u>	<u>83,736</u>	<u>10,623,455</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pensions	36,129	101,968	11,153	149,250
Total deferred outflows of resources	<u>36,129</u>	<u>101,968</u>	<u>11,153</u>	<u>149,250</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	63,506	69,819	77,503	210,828
Accrued interest	1,143	41,189	-	42,332
Deposits	136,069	-	-	136,069
Due to other funds	-	333,486	175,560	509,046
Bonds payable	-	77,000	-	77,000
Capital lease	-	32,489	-	32,489
Notes payable	28,654	-	-	28,654
Compensated absences	7,501	7,501	678	15,680
Total current liabilities	<u>236,873</u>	<u>561,484</u>	<u>253,741</u>	<u>1,052,098</u>
Noncurrent liabilities:				
Bonds payable	-	1,566,000	-	1,566,000
Capital lease	-	328,406	-	328,406
Notes payable	91,416	-	-	91,416
Compensated absences	17,503	17,503	1,583	36,589
Net pension liability	81,888	500,942	9,819	592,649
Total noncurrent liabilities	<u>190,807</u>	<u>2,412,851</u>	<u>11,402</u>	<u>2,615,060</u>
Total liabilities	<u>427,680</u>	<u>2,974,335</u>	<u>265,143</u>	<u>3,667,158</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pensions	70,593	13,838	36,552	120,983
Total deferred inflows of resources	<u>70,593</u>	<u>13,838</u>	<u>36,552</u>	<u>120,983</u>
NET POSITION				
Net investment in capital assets	1,507,642	3,691,175	-	5,198,817
Restricted for debt service	-	161,000	-	161,000
Unrestricted (deficit)	2,749,748	(918,195)	(206,806)	1,624,747
Total net position	<u>\$ 4,257,390</u>	<u>\$ 2,933,980</u>	<u>\$ (206,806)</u>	<u>\$ 6,984,564</u>

CITY OF PARLIER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Disposal	Total
Operating revenues:				
Charges for services	\$ 1,430,263	\$ 1,213,351	\$ 1,078,537	\$ 3,722,151
Connection fees	24,115	28,320	-	52,435
Other revenue	5,876	6,179	7,519	19,574
Total operating revenues	1,460,254	1,247,850	1,086,056	3,794,160
Operating expenses:				
Contractual services and utilities	498,938	864,948	998,973	2,362,859
Personnel	248,414	314,008	160,435	722,857
Supplies and materials	116,444	100,100	6,070	222,614
Depreciation	149,697	226,189	-	375,886
Total operating expenses	1,013,493	1,505,245	1,165,478	3,684,216
Operating income (loss)	446,761	(257,395)	(79,422)	109,944
Nonoperating revenues (expenses):				
Development impact fees	98,108	88,683	-	186,791
Interest income	1,361	183	-	1,544
Interest expense	(4,084)	(97,676)	-	(101,760)
Total nonoperating revenues (expenses)	95,385	(8,810)	-	86,575
Income (loss) before transfers	542,146	(266,205)	(79,422)	196,519
Other financing sources (uses):				
Transfers out	(23,617)	-	-	(23,617)
Total other financing sources (uses)	(23,617)	-	-	(23,617)
Change in net position	518,529	(266,205)	(79,422)	172,902
Net position - beginning	3,738,861	3,200,185	(127,384)	6,811,662
Net position - ending	\$ 4,257,390	\$ 2,933,980	\$ (206,806)	\$ 6,984,564

CITY OF PARLIER

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Disposal	Total
Cash flows from operating activities:				
Cash receipts from customers	\$ 1,548,847	\$ 1,260,443	\$ 1,084,701	\$ 3,893,991
Cash payments to suppliers of goods or services	(656,168)	(1,021,490)	(1,010,842)	(2,688,500)
Cash payments to employees for services	(293,873)	(360,086)	(177,229)	(831,188)
Other operating cash receipts	-	-	7,519	7,519
Net cash provided (used) by operating activities	598,806	(121,133)	(95,851)	381,822
Cash flows from noncapital financing activities:				
Intergovernmental revenues - noncapital	217,800	-	-	217,800
Cash receipts from developers	98,108	88,683	-	186,791
Loans from/(to) other funds	(519,642)	333,486	95,851	(90,305)
Transfer to other funds	(23,617)	-	-	(23,617)
Net cash provided (used) by noncapital financing activities	(227,351)	422,169	95,851	290,669
Cash flows from capital and related financing activities:				
Principal paid on bonds	-	(76,000)	-	(76,000)
Proceeds from loan	-	410,288	-	410,288
Principal paid on lease	-	(49,393)	-	(49,393)
Principal paid on notes	(27,834)	-	-	(27,834)
Interest paid on long-term debt	(4,084)	(85,837)	-	(89,921)
Acquisition of capital assets	(74,247)	(625,147)	-	(699,394)
Net cash provided (used) by capital and related financing activities	(106,165)	(426,089)	-	(532,254)
Cash flows from investing activities:				
Interest received	1,102	151	-	1,253
Net cash provided (used) by investing activities	1,102	151	-	1,253
Net increase (decrease) in cash	266,392	(124,902)	-	141,490
Cash, beginning of year	540,032	124,902	-	664,934
Cash, end of year	\$ 806,424	\$ -	\$ -	\$ 806,424

CITY OF PARLIER

STATEMENT OF CASH FLOWS (continued) PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Disposal	Total
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Operating income (loss)	\$ 468,502	\$ (279,136)	\$ (79,422)	\$ 109,944
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	149,697	226,189	-	375,886
(Increase) decrease in:				
Accounts receivable	2,853	12,593	6,164	21,610
Deferred outflows of resources for pension	4,649	(28,167)	9,608	(13,910)
Increase (decrease) in:				
Accounts payable	(40,786)	(56,442)	(5,799)	(103,027)
Deposits and other liabilities	85,740	-	-	85,740
Deferred inflows of resources for pension	(10,530)	(7,903)	(8,940)	(27,373)
Net pension liability	(34,096)	(4,526)	(17,883)	(56,505)
Compensated absences	(5,482)	(5,482)	421	(10,543)
Net cash provided (used) by operating activities	<u>\$ 620,547</u>	<u>\$ (142,874)</u>	<u>\$ (95,851)</u>	<u>\$ 381,822</u>
Noncash investing and financing activities				
Purchase of an asset thru a lease agreement	<u>\$ -</u>	<u>\$ 410,288</u>	<u>\$ -</u>	<u>\$ 410,288</u>

CITY OF PARLIER

STATEMENT OF FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUND – SUCCESSOR AGENCY JUNE 30, 2016

ASSETS

Cash and investments	\$ 894,823
Cash and investments with fiscal agent	13
Interest receivable	144
Notes receivable	90,187
Land held for resale	<u>1,349,220</u>

Total assets	<u>\$ 2,334,387</u>
--------------	---------------------

LIABILITIES

Accounts payable	\$ 2,051
Interest payable	145,212
Long-term debt due in more than one year	<u>10,250,232</u>

Total liabilities	<u>10,397,495</u>
-------------------	-------------------

NET POSITION

Held in trust for other governments	<u>\$ (8,063,108)</u>
-------------------------------------	-----------------------

CITY OF PARLIER

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUND – SUCCESSOR AGENCY FOR THE YEAR ENDED JUNE 30, 2016

ADDITIONS

Property taxes	\$ 408,057
Investment earnings and other	<u>8,739</u>

Total additions	<u>416,796</u>
-----------------	----------------

DEDUCTIONS

Administrative expenses	118,760
Programs expenses	150,294
Bond issuance costs and loss on refinancing	374,085
Interest and fiduciary expenses of former redevelopment agency	369,930
Sale of property	<u>83,427</u>

Total deductions	<u>1,096,496</u>
------------------	------------------

Change in net position	(679,700)
------------------------	-----------

Net position - beginning	<u>(7,383,408)</u>
--------------------------	--------------------

Net position - ending	<u>\$ (8,063,108)</u>
-----------------------	-----------------------

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Parlier, California (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the government's accounting principles are described below.

These financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and data from these units are combined with data of the primary government. Each blended component unit has a June 30 year-end. There are no discretely presented component units included in these financial statements. The following sections further describe the significant policies of the City.

Reporting Entity

The City was incorporated as a general law city in 1921. The City operates under a Council-Manager form of government. The City's major operations include public safety; highways and streets; water, sewer and refuse collection; parks and recreation; building inspection; public improvements; planning and zoning; and general administrative services.

Basis of Presentation – Fund Accounting

Government-Wide Financial Statements

The Government-Wide Financial Statements (the Statement of Net Position and the Statement of Activities) report information for all of the non-fiduciary activities of the primary government and its component units. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Net position is restricted when constraints placed on the assets are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation – Fund Accounting (Continued)

Governmental Fund Financial Statements

The Governmental Fund Financial Statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are separately aggregated and reported as nonmajor funds. An accompanying schedule is presented to reconcile and explain the differences in funds and changes in fund balances as presented in these statements of net position and changes in net position presented in the government-wide financial statements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used for all financial resources except those required legally, or by sound financial management to be accounted for in another fund. Generally, the General Fund is used to account for those traditional governmental services of the City, such as police and fire protection, planning and general administrative services.

Housing Fund – This fund is used to account for grant revenues and expenditures related to housing projects.

Community Development Fund – This fund is used to account for grant revenues and expenditures related to community development projects.

Day Care Fund – This fund is used to account for grant revenue, parent fees, and expenditures to operate the City's day care center.

The City reports the following additional fund types:

Private-Purpose Trust Fund – The Private-Purpose Trust Fund accounts for assets held by the City as trustee for the Successor Agency.

Enterprise fund financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows for each major enterprise fund and non-major fund.

The City has three major enterprise funds, the Water, Disposal, Sewer, which are used to account for operations that are financed and operated in a manner similar to private business enterprises. In an enterprise fund, the intent of the City Council is that costs (expenses, including depreciation) of providing services to the general public, on a continuing basis, be financed or recovered primarily through user charges.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major enterprise funds:

- The **Water Fund** is used to account for financial activity of the water utility system.
- The **Disposal Fund** is used to account for the financial activity of the solid waste collection and disposal utility system.
- The **Sewer** is used to account for the financial activity of the sewer activities.

Basis of Accounting

The *Government-Wide and Proprietary Fund Financial Statements* are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales taxes are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants, and charges for services are accrued when their receipts occur within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating.

Assets, Liabilities and Net Position

Cash and Investments – Cash and investments represent the City's cash bank accounts including but not limited to certificates of deposit, money market funds, and cash management pools for reporting purposes in the Statement of Cash Flows.

The City maintains a cash and investment pool that is available for use by all funds. Interest earnings as a result of this pooling are distributed to the appropriate funds based on month-end cash balances in each fund.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Investments of the pool include only those investments authorized by the California Government Code such as, United States Treasury securities, agencies guaranteed by the United States Government, registered state warrants, and other investments. Investments primarily consist of deposits in the State of California Local Agency Investment Fund. Investments are recorded at amortized cost or fair value. Fair value is based upon quoted market prices.

Accounts Receivable – Billed by unpaid services provided to individuals or non-governmental entities are recorded as accounts receivable. The proprietary funds include a year-end accrual for services through June 30, 2016, which have not yet been billed. Accounts receivable are reported net of an allowance for uncollectibles.

Property Taxes – Fresno County is responsible for the assessment, collection and apportionment of property taxes for all taxing jurisdictions. Property taxes are levied in equal installments on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. The lien date is March 1 of each year. Property taxes are accounted for in the General Fund. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The City considers property taxes as available if they are collected within 60 days after year-end. Property taxes on the unsecured roll are due on the March 1 lien date and become delinquent if unpaid on August 31. However, unsecured property taxes are not susceptible to year-end accrual.

The City is permitted by Article XIIA of the State of California Constitution (known as Proposition 13) to levy a maximum tax of \$1.00 per \$100 of full cash value.

Interfund Receivables/Payables – Items classified as interfund receivables/payables represent short-term lending/borrowing transactions between funds. This classification also includes the current portion of an advance to or from another fund.

Advances to/from Other Funds – This classification represents noncurrent portions of any long-term lending/borrowing transactions between funds. This amount will be equally offset by a reserve of fund balance which indicates that it does not represent available financial resources and, therefore, is not available for appropriation. The current portion of any interfund long-term loan (advance) is included as an interfund receivable/payable.

Capital Assets – Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds, and as assets in the Government-Wide Financial Statements to the extent the City's capitalization threshold is met.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns of the Government-Wide Financial Statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

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. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Improvements other than buildings	40 years
Utility plant	40 years
Furniture and equipment	7 years
Automobiles and trucks	5 years

Compensated Absences – It is the City's policy to permit all employees to accumulate earned but unused vacation, sick pay and compensatory time benefits. Those employees on shift work schedules may also accumulate hours for holiday time benefits.

Vested or accumulated vacation, holiday, sick leave and any compensation time on the Governmental Funds are not expected to be paid with expendable available financial resources and are reported in the Government-Wide Financial Statements.

Vested leave of Proprietary Funds is recorded as an expense and liability as the benefits accrue.

Long-Term Obligations – In the Government-Wide Financial Statements, and Proprietary Fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Statement of Net Position – Proprietary Funds. Debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. 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 the applicable bond premium or discount.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

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

Noncurrent Governmental Assets/Liabilities – GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the Government-Wide Statement of Net Position.

Pensions Plan – For purposes of measuring net position liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City'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.

Government-Wide Financial Statements

The government-wide and enterprise fund financial statements utilize a net position presentation. Net position is capitalized as net investment in capital assets, restricted and unrestricted.

- Net investment in capital assets – groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the net position balance.
- Restricted net position – represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions enabling legislation.
- Unrestricted net position – represents net position of the City, not restricted for any project or other purpose.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

In the fund financial statements, governmental fund balance is made up of the following components:

- Nonspendable fund balance typically includes inventories, prepaid items, and other items that must be maintained intact pursuant to legal or contractual requirements, such as endowments.
- Restricted fund balance includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of other governments or through enabling legislation.
- Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the City Council. The City Council has the authority to establish, modify, or rescind a fund balance commitment.
- Assigned fund balance includes amounts designated by the City Council for specific purposes and do not meet the criteria to be classified as restricted or committed.
- Unassigned fund balance includes all spendable amounts in the General Fund not contained in other classifications.

When expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to apply restricted resources first. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to apply committed fund balances first, then assigned fund balances, and finally unassigned fund balances.

Use of Estimates

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

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements

New Accounting Pronouncements Adopted

Governmental Accounting Standards Board Statement No. 72

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement was adopted by the City in the current fiscal year.

NOTE 2 – CASH AND INVESTMENTS

The City pools all of its cash and investments except those funds required to be held by outside fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash is allocated to the various funds on average cash balances. Interest income from cash investments held with fiscal agents is credited directly to the related funds.

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

Statement of Net Position:

Cash and investments	\$ 4,747,648
----------------------	--------------

Fiduciary Funds:

Cash and investments	894,823
----------------------	---------

Cash and investments with fiscal agent	<u>13</u>
--	-----------

Total cash and investments	<u>\$ 5,642,484</u>
----------------------------	---------------------

Cash and investments as of June 30, 2016 consist of the following:

Cash on hand	\$ 760
--------------	--------

Deposits with financial institutions	4,731,714
--------------------------------------	-----------

Local Agency Investment Fund	909,997
------------------------------	---------

Held by fiscal agent:

Money Market Mutual Funds	<u>13</u>
---------------------------	-----------

Total cash and investments	<u>\$ 5,642,484</u>
----------------------------	---------------------

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 2 – CASH AND INVESTMENTS (Continued)

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2: Inputs to valuation methodology include inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

LAIF is valued based on the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (Level 2 input).

The City had the following recurring fair value measurements as of June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>June 30, 2016 Balance</u>
Investments by fair value level:				
Equity Securities:				
LAIF	\$ -	\$909,997	\$ -	\$ 909,997
Total Equity Securities	-	909,997	-	909,997
Investments carried at amortized cost:				
Deposits				4,731,714
Cash on Hand				760
Money Market Mutual Funds				13
Total Investments amortized at cost				4,732,487
Total Investments				\$ 5,642,484

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

California law authorizes the City to invest in obligations of the United States Treasury, agencies and instrumentalities, certificates of deposit or time deposits in banks and savings and loan associations which are insured by the Federal Deposit Insurance Corporation.

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	1 year	None	5%
U.S. Treasury Obligations	1 year	None	None
U.S. Agency Securities	1 year	None	None
Banker's Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposit	1 year	30%	None
Medium-Term Notes	1 year	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	1 year	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Investments Authorized by Debt Agreements

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

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 2 – CASH AND INVESTMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	1 year	None	None
Commercial Paper	None	None	None
Money Market Mutual Funds	None	None	None
Investment Contracts	None	None	None
Certificates of Deposit	1 year	None	None
Repurchase Agreements	30 days	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Municipal Bonds	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 sensitivity of its fair value to changes in market interest rates. As of June 30, 2016, the City had the following investments:

Investment Type		Maturity Date
Local Agency Investment Fund (LAIF)	\$ 909,997	N/A
Held by Trustee:		
Money Market Mutual Funds	13	N/A
Total	<u>\$ 910,010</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 organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investment Type		Minimum Legal Rating	Rating as of Year-End Not Rated
Local Agency Investment Fund (LAIF)	\$ 909,997	N/A	\$ 909,997
Held by Trustee:			
Money Market Mutual Funds	13	N/A	13
Total	<u>\$ 910,010</u>		<u>\$ 910,010</u>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

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 California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the 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.

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. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investment in State Investment Pool

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

NOTE 3 – RECEIVABLES

Accounts receivable, net of allowance for uncollectibles, as of June 30, 2016 consist of the following:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Disposal Fund</u>	<u>Total</u>
Accounts receivable	\$ 417,745	\$ 216,171	\$ 175,634	\$ 809,550
Allowance for uncollectibles	<u>(139,465)</u>	<u>(91,115)</u>	<u>(91,898)</u>	<u>(322,478)</u>
Accounts receivable, net	<u>\$ 278,280</u>	<u>\$ 125,056</u>	<u>\$ 83,736</u>	<u>\$ 487,072</u>

	<u>General</u>	<u>Housing Grants</u>	<u>Community Development</u>	<u>Day Care</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Accounts receivable	\$ 2,822	\$ -	\$ -	\$ 39,470	\$ -	\$ 42,292
Due from other governments	153,500	215,320	54,800	47,715	537	471,872
Interest receivable	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>
	<u>\$ 156,333</u>	<u>\$ 215,320</u>	<u>\$ 54,800</u>	<u>\$ 87,185</u>	<u>\$ 537</u>	<u>\$ 514,175</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 3 – RECEIVABLES (Continued)

Notes receivable represent amounts due from various entities and individuals. The purposes of the loans were to provide rehabilitation and low-income housing assistance. The notes are as follows:

Note receivable from Parlier Taxi relating to business assistance grant through EDBG grant. Principal and interest of 3.0% per annum are payable in monthly installments of \$322 through November 2019.	\$ 16,329
Notes receivable from various low income residents relating to housing assistance. The loans are payable in thirty years or when property ownership is transferred. The proceeds for the loans are provided through the State Housing Grant and charge 0% interest.	1,519,567
Note receivable from Parlier Avila Associates relating to low-income apartments. The loan is payable from residual receipts over 55 years or when property ownership is transferred. The proceeds for the loan are provided through the Home Investment Partnership Program.	8,542,149
Notes receivable from various individuals to assist in the purchase of homes for low to moderate income earners. These notes are all deferred and payment is not due for approximately 30 years.	2,044,352
Note receivable from Parlier Parkwood Apartments relating to low-income apartments. As long as Parkwood rents to low-income tenants, they will pay back a discounted amount of ten equal installments, without interest, of \$83,418, beginning in December 2013.	583,925
Notes receivable from Parlier City employees relating to employee benefit loans. Principal and interest of 3.0% per annum are payable in monthly installments.	67,424
Note receivable from Lloyd & Geri's, Inc. relating to a financial assistance loan through a business assistance grant. Principal and interest of 2.0% per annum are payable in monthly installments of \$450 through June 2018.	28,315
Note receivable from Parlier Affordable Housing, LP relating to the construction of the Salandini Villa Apartments. As long as Salandini Villa rents to low-income tenants, they will pay back a discounted amount of ten equal installments, without interest, of \$27,491 annually.	<u>164,947</u>
Total notes receivable	<u>\$ 12,967,008</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 4 – INTERFUND ACTIVITIES

Interfund balances for the purpose of the government-wide statements have been eliminated. The composition of interfund balances in the fund level statements as of June 30, 2016, is as follows:

Current Interfund Receivables/Payables

Current interfund balances arise in the normal course of doing business and are expected to be repaid shortly after the end of the fiscal year.

	<u>Due From</u>	<u>Due to</u>
Major Funds:		
Water Fund	\$ 2,006,682	\$ -
General Fund	-	1,281,708
Housing Fund	-	57,336
Sewer Fund	-	333,486
Disposal Fund	-	175,560
Day Care Fund	-	101,632
Community Development Fund	-	56,960
	<hr/>	<hr/>
Total	<u>\$ 2,006,682</u>	<u>\$ 2,006,682</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 4 – INTERFUND ACTIVITIES (Continued)

Transfers Between Funds

In general, the City uses interfund transfers to (1) move revenues from the funds that collect them to the funds that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to help finance various programs and capital projects accounted for in other funds in accordance with budgetary authorization, and (3) move cash to debt service funds from the funds responsible for payment as debt service payments become due.

	Transfers	
	In	Out
Major Funds:		
General Fund	\$ 196,723	\$ 319,598
Housing Grants	-	218
Community Development	175,212	-
Day Care	1,500	-
Nonmajor funds		
Measure C	-	23,934
Gas Tax	-	1,363
Local Transportation	-	4,705
Enterprise Funds:		
Water	-	23,617
Total	<u>\$ 373,435</u>	<u>\$ 373,435</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 5 – CAPITAL ASSETS

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

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 1,727,610	\$ -	\$ -	\$ 1,727,610
Construction in progress	387,272	47,713	-	434,985
Total capital assets	2,114,882	47,713	-	2,162,595
Capital assets, being depreciated:				
Buildings and improvements	2,454,020	-	-	2,454,020
Infrastructure	1,998,545	-	-	1,998,545
Machinery and equipment	1,061,624	67,631	-	1,129,255
Total capital assets, being depreciated	5,514,189	67,631	-	5,581,820
Less accumulated depreciation for:				
Buildings and improvements	(1,015,184)	(66,037)	-	(1,081,221)
Infrastructure	(236,038)	(49,963)	-	(286,001)
Machinery and equipment	(893,023)	(55,833)	-	(948,856)
Total accumulated depreciation	(2,144,245)	(171,833)	-	(2,316,078)
Total capital assets, being depreciated, net	3,369,944	(104,202)	-	3,265,742
Governmental activities capital assets, net	\$ 5,484,826	\$ (56,489)	\$ -	\$ 5,428,337
	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 2,594,636	\$ -	\$ -	\$ 2,594,636
Total capital assets, not being depreciated	2,594,636	-	-	2,594,636
Capital assets, being depreciated:				
Plant and equipment	10,663,241	699,394	-	11,362,635
Total capital assets, being depreciated	10,663,241	699,394	-	11,362,635
Less: accumulated depreciation	(6,258,603)	(375,886)	-	(6,634,489)
Total capital assets, being depreciated, net	4,404,638	323,508	-	4,728,146
Business-type activities capital assets, net	\$ 6,999,274	\$ 323,508	\$ -	\$ 7,322,782

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 5 – CAPITAL ASSETS (Continued)

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

Governmental Activities:	
General government	\$ 23,862
Public safety	54,549
Public works and development	34,436
Parks and recreation	<u>58,986</u>
Total	<u>\$ 171,833</u>
Business-Type Activities:	
Water	\$ 149,697
Sewer	<u>226,189</u>
Total	<u>\$ 375,886</u>

NOTE 6 – LONG-TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt. The City's debt transactions are summarized below and discussed in detail thereafter.

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Current Portion
Business-Type Activities					
Bonds payable:					
1987 Parlier Sewer Revenue Bond	\$ 629,000	\$ -	\$ (36,000)	\$ 593,000	\$ 37,000
1994 Sewer Revenue Bond	1,090,000	-	(40,000)	1,050,000	40,000
Capital lease:					
Vactor Truck Capital Lease	-	410,288	(49,393)	360,895	32,489
Note payable:					
California Department of Water Resources	<u>147,904</u>	<u>-</u>	<u>(27,834)</u>	<u>120,070</u>	<u>28,654</u>
Total business-type activities	<u>\$1,866,904</u>	<u>\$ 410,288</u>	<u>\$ (153,227)</u>	<u>\$ 2,123,965</u>	<u>\$ 138,143</u>
Compensated Absences					
Governmental activities	\$ 163,597	\$ -	\$ (5,668)	\$ 157,929	\$ 47,379
Business-type activities	<u>62,812</u>	<u>-</u>	<u>(10,543)</u>	<u>52,269</u>	<u>15,680</u>
Total compensated absences	<u>\$ 226,409</u>	<u>\$ -</u>	<u>\$ (16,211)</u>	<u>\$ 210,198</u>	<u>\$ 63,059</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 6 – LONG-TERM DEBT (Continued)

Long-term debt payable at June 30, 2016 was comprised of the following individual issues:

1987 Parlier Sewer Revenue Bonds – The 1987 Parlier Sewer Revenue Bonds in the amount of \$1,140,000 were issued in 1987. Interest in the amount of 5.0 percent is due semi-annually. Principal is paid annually.

1994 Sewer Revenue Bonds – The 1994 Sewer Revenue Bonds in the amount of \$1,560,000 were issued in 1994. Interest on the bonds is 5.0 percent.

Vactor Truck Capital Lease – The Vactor Truck Capital Lease agreement was for \$410,288. Interest on the capital lease is 5.182 percent.

California Department of Water Resources – The City borrowed \$491,160 from the California Department of Water Resources in year 2000 to finance water system improvements. The note requires semi-annual payments of \$16,065, including interest at 3.0815 percent.

The annual requirements to amortize the principal and interest on all long-term debt at June 30, 2016 are as follows:

Years Ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2017	\$ 138,143	\$ 102,392	\$ 240,535
2018	142,708	95,927	238,635
2019	152,394	89,115	241,509
2020	157,230	81,959	239,189
2021	134,762	74,694	209,456
2022-2026	729,728	262,865	992,593
2027-2031	494,000	98,250	592,250
2032-2033	175,000	8,875	183,875
	<u>\$2,123,965</u>	<u>\$ 814,077</u>	<u>\$ 2,938,042</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 7 – DEFICIT FUND BALANCES

Fund Balance and Net Position Deficits – The following is a summary of deficit fund balances net positions as of June 30, 2016:

Governmental Funds:	
General	\$ (458,457)
Community Development	\$ (34,390)
Enterprise Funds:	
Disposal	\$ (206,806)

The deficit net position in all funds are expected to be negated by future revenues and transfers from other funds.

NOTE 8 – PENSION PLAN

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's separate Safety and Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 8 – PENSION PLAN (Continued)

The Plans' provisions and benefits in effect at June 30, 2016 are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	50 - 57
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.426 to 2%
Required employee contribution rates	7%	6.25%
Required employer contribution rates	25.227%	6.25%

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1% to 2.5%
Required employee contribution rates	7%	9.50%
Required employer contribution rates	16.490%	9.07%

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 8 – PENSION PLAN (Continued)

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

For the year ended June 30, 2016, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Contributions - employer	\$ 177,276	\$ 130,134

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

As of June 30, 2016, the City reported net pension liabilities for its proportionate shares of the net position liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 895,627
Safety	<u>510,062</u>
Total Net Pension Liability	<u>\$ 1,405,689</u>

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2015, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, 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 for each Plan as of June 30, 2014 and 2015 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2014	0.0396%	0.0166%
Proportion - June 30, 2015	<u>0.0327%</u>	<u>0.0124%</u>
Change - Increase (Decrease)	-0.0070%	-0.0042%

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 8 – PENSION PLAN (Continued)

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

For the year ended June 30, 2016, the City recognized pension expense of \$143,524. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 307,410	\$ -
Differences between actual and expected experience	7,150	(13,826)
Changes in assumptions	-	(131,234)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	201,075	(183,307)
Net differences between projected and actual earnings on plan investments	-	(66,139)
Total	<u>\$ 515,635</u>	<u>\$ (394,506)</u>

\$307,410 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, 2016. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2017	\$ (58,167)
2018	(58,167)
2019	(51,051)
2020	(18,896)
Thereafter	-

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 8 – PENSION PLAN (Continued)

C. Actuarial Assumptions

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

	Miscellaneous	Safety
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.7%	7.7%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	3.3% - 14.2% ⁽¹⁾	3.3% - 14.2% ⁽¹⁾
Investment Rate of Return	7.5% ⁽²⁾	7.5% ⁽²⁾
Mortality	Derived using CalPERS' Membership Data for all Funds ⁽³⁾	

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

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

⁽³⁾ The mortality table was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for fiscal years 1997-2011, including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at CalPERS' website under Forms and Publications.

Change of assumptions – GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.5 percent (net of administrative expense in 2014) to 7.65 percent as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 8 – PENSION PLAN (Continued)

D. Discount Rate

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

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 rate of 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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) 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. The expected nominal rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The long-term expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 8 – PENSION PLAN (Continued)

D. Discount Rate (Continued)

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

Asset Class	New Strategic Allocation	Real Return Years 1-10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

^(a) An expected inflation of 2.5% used for this period.

^(b) An expected inflation of 3.0% used for this period.

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 each Plan, calculated using the discount rate for each 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:

	Miscellaneous	Safety
1% Decrease	6.65%	6.65%
Net Pension Liability	\$ 1,502,222	\$ 817,883
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$ 895,627	\$ 510,062
1% Increase	8.65%	8.65%
Net Pension Liability	\$ 395,022	\$ 257,744

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 8 – PENSION PLAN (Continued)

E. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

F. Payable to the Pension Plan

At June 30, 2016, the City did not have a payable for an outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

NOTE 9 – RISK MANAGEMENT

The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

The City is covered for the first \$1,000,000 of each general liability claim and \$500,000 of each worker's compensation claim through CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under \$10,000 and workers' compensation losses under \$10,000. The CSJVRMA purchases excess reinsurance from \$1,000,000 to \$15,000,000. The CSJVRMA participates in an excess pool which provides Workers' Compensation coverage from \$500,000 to \$1,500,000 and purchases excess reinsurance above \$1,500,000 to the statutory limit.

The CSJVRMA is a consortium of 55 cities in the San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500, et. seq. The CSJVRMA is governed by a Board of Directors, which meets three to four times each year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA. The financial statements of CSJVRMA can be obtained at 1831 K Street, Sacramento, CA 95814.

NOTE 10 – CONTINGENCIES

Federal and State Government Programs – The City participates in several federal and state grant programs. These programs have been audited, as needed, in accordance with the provisions of the federal Single Audit Act of 1984 and applicable state requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may have been disallowed by the granting agencies, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 11 – UNCOLLECTIBLE LOAN RECEIVABLE

As of June 30, 2016 the City carried a note receivable in the amount of \$1,310,000 from Global Premier Development Inc. related to the construction of 20 low income apartment units. The note bears a five percent interest rate per year and repayment was deferred for five years. According to the note terms, payments were to commence in fiscal year 2013; however, as of June 30, 2016 no payments have been received by the City. Management has evaluated the collectability of the note and based on their unsuccessful efforts to collect payment, it was determined the likelihood to collect is very low and have therefore set an allowance for the full amount of the note.

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

During the year ended June 30, 2016, the following prior period adjustments were recorded:

Governmental Fund Financial Statements	<u>General</u>	<u>Daycare</u>
Understatement/(overstatement) of revenues	\$ (13,232)	\$ 13,232
Total prior period adjustments	<u>\$ (13,232)</u>	<u>\$ 13,232</u>

NOTE 13 – SUBSEQUENT EVENTS

The City evaluated subsequent events for recognition and disclosure through October 24, 2016, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2016 that required recognition or disclosure in such financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PARLIER

BUDGETARY COMPARISON SCHEDULE GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2016

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 2,207,110	\$ 2,207,110	\$ 2,062,700	\$ (144,410)
Intergovernmental	483,763	483,763	624,565	140,802
Charges for services	151,800	151,800	252,677	100,877
Licenses and permits	190,700	190,700	253,144	62,444
Fines and forfeitures	17,400	17,400	58,093	40,693
Interest and rent	48,605	48,605	54,979	6,374
Other	84,750	84,750	59,889	(24,861)
Total revenues	<u>3,184,128</u>	<u>3,184,128</u>	<u>3,366,047</u>	<u>181,919</u>
EXPENDITURES				
Current:				
General government	387,580	387,580	494,578	(106,998)
Public safety	2,150,444	2,150,444	2,524,105	(373,661)
Public works	78,325	78,325	62,668	15,657
Community development	343,090	343,090	449,322	(106,232)
Parks and recreation	196,965	196,965	198,666	(1,701)
Daycare	-	-	1,500	(1,500)
Capital outlay	20,500	20,500	7,000	13,500
Total expenditures	<u>3,176,904</u>	<u>3,176,904</u>	<u>3,737,839</u>	<u>(560,935)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,224</u>	<u>7,224</u>	<u>(371,792)</u>	<u>(379,016)</u>
OTHER FINANCING SOURCES (USES)				
Sale of asset	-	-	3,726	3,726
Transfers in	-	-	196,723	196,723
Transfers out	-	-	(319,598)	(319,598)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(119,149)</u>	<u>(119,149)</u>
Net change in fund balance	<u>\$ 7,224</u>	<u>\$ 7,224</u>	<u>(490,941)</u>	<u>\$ (498,165)</u>
Fund balance - beginning			<u>45,716</u>	
Prior period adjustments			<u>(13,232)</u>	
Fund balance - beginning, restated			<u>32,484</u>	
Fund balance - ending			<u>\$ (458,457)</u>	

CITY OF PARLIER

BUDGETARY COMPARISON SCHEDULE HOUSING GRANT FUND FOR THE YEAR ENDED JUNE 30, 2016

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 475,000	\$ 475,000	\$ 1,816,095	\$ 1,341,095
Charges for services	-	-	61,086	61,086
Interest and rent	-	-	23,346	23,346
Other	-	-	4,245	4,245
Total revenues	<u>475,000</u>	<u>475,000</u>	<u>1,904,772</u>	<u>1,429,772</u>
EXPENDITURES				
Current:				
Community development	-	-	1,707,421	(1,707,421)
Total expenditures	-	-	<u>1,707,421</u>	<u>(1,707,421)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>475,000</u>	<u>475,000</u>	<u>197,351</u>	<u>(277,649)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(218)	(218)
Total other financing sources (uses)	-	-	<u>(218)</u>	<u>(218)</u>
Net change in fund balance	<u>\$ 475,000</u>	<u>\$ 475,000</u>	197,133	<u>\$ (277,867)</u>
Fund balance - beginning			<u>(29,051)</u>	
Fund balance - ending			<u>\$ 168,082</u>	

CITY OF PARLIER

BUDGETARY COMPARISON SCHEDULE COMMUNITY DEVELOPMENT FUND FOR THE YEAR ENDED JUNE 30, 2016

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 3,552,792	\$ 3,552,792	\$ 316,058	\$ (3,236,734)
Interest and rent	-	-	619	619
Total revenues	<u>3,552,792</u>	<u>3,552,792</u>	<u>316,677</u>	<u>(3,236,115)</u>
EXPENDITURES				
Current:				
Public Works	2,183,384	2,183,384	111,713	2,071,671
Community development	-	-	33,686	(33,686)
Capital outlay	<u>1,369,408</u>	<u>1,369,408</u>	<u>47,713</u>	<u>1,321,695</u>
Total expenditures	<u>3,552,792</u>	<u>3,552,792</u>	<u>193,112</u>	<u>3,359,680</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>123,565</u>	<u>123,565</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>175,212</u>	<u>175,212</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>175,212</u>	<u>175,212</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>298,777</u>	<u>\$ 298,777</u>
Fund balance - beginning			<u>(333,167)</u>	
Fund balance - ending			<u>\$ (34,390)</u>	

CITY OF PARLIER

BUDGETARY COMPARISON SCHEDULE DAY CARE FUND FOR THE YEAR ENDED JUNE 30, 2016

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 772,934	\$ 772,934	\$ 921,742	\$ 148,808
Charges for services	<u>37,275</u>	<u>37,275</u>	<u>30,265</u>	<u>(7,010)</u>
Total revenues	<u>810,209</u>	<u>810,209</u>	<u>952,007</u>	<u>141,798</u>
EXPENDITURES				
Current:				
Day care	<u>810,209</u>	<u>810,209</u>	<u>857,008</u>	<u>(46,799)</u>
Total expenditures	<u>810,209</u>	<u>810,209</u>	<u>857,008</u>	<u>(46,799)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>94,999</u>	<u>94,999</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>1,500</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>1,500</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>96,499</u>	<u>\$ 96,499</u>
Fund balances - beginning			(108,231)	
Prior period adjustments			<u>13,232</u>	
Fund balance - beginning, restated			<u>(94,999)</u>	
Fund balance - ending			<u>\$ 1,500</u>	

CITY OF PARLIER

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 – BUDGETARY INFORMATION

In accordance with applicable sections of the California Government Code and the Parlier Municipal Code, the City prepares and legally adopts an annual balanced budget on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund, specific Special Revenue Funds, and specific Capital Projects Funds. Budget plans are adopted for Proprietary Funds. A proposed budget is presented to the City Council during June of each year for review. The Council holds public hearings and may add to, subtract from, or change appropriations within the revenues and reserves estimated as available. Expenditures may not legally exceed budgeted appropriations at the fund level. Supplementary appropriations which alter the total expenditures of any fund, or expenditures in excess of total budgeted fund appropriations, must be approved by the City Council.

All annual appropriations lapse at fiscal year-end to the extent they have not been expended or encumbered.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

As of June 30, 2016, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<i>General Fund</i>			
General government	\$ 387,580	\$ 494,578	\$ (106,998)
Public safety	2,150,444	2,524,105	(373,661)
Community development	343,090	449,322	(106,232)
Parks and recreation	196,965	198,666	(1,701)
Day care	-	1,500	(1,500)
Transfers out	-	319,598	(319,598)
<i>Housing Grants Special Revenue Fund</i>			
Community development	-	1,707,421	(1,707,421)
<i>Community Development Fund</i>			
Community development	-	33,686	(33,686)
<i>Day Care Special Revenue Fund</i>			
Day care	810,209	857,008	(46,799)

CITY OF PARLIER

PROPORTIONATE SHARE OF NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2016 LAST 10 YEARS*

	2015		2016	
	Miscellaneous	Safety	Miscellaneous	Safety
Proportion of the net pension liability	0.0396%	0.0166%	0.0327%	0.0124%
Proportionate share of the net pension liability	\$ 979,686	\$ 622,844	\$ 895,631	\$ 510,061
Covered - employee payroll	\$ 852,123	\$ 855,156	\$ 776,173	\$ 731,012
Proportionate share of the net pension liability as percentage of covered-employee payroll	114.97%	72.83%	115.39%	69.77%
Plan's fiduciary net position	\$ 3,018,889	\$ 2,154,435	\$ 3,136,206	\$ 2,315,222
Plan fiduciary net position as a percentage of the total pension	75.50%	77.57%	77.79%	81.95%

NOTES TO SCHEDULE

Changes in Benefit Terms - None

Changes in Assumptions - GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.5 percent (net of administrative expense in 2014) to 7.65 percent as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

* Fiscal year 2015 was the first year of implementation; therefore only two years are shown.

CITY OF PARLIER

SCHEDULE OF CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2016 LAST 10 YEARS*

	2015		2016	
	Miscellaneous	Safety	Miscellaneous	Safety
Actuarially required contribution (actuarially Contributions in relation to the actuarially determined contributions	\$ 143,039	\$ 119,509	\$ 156,575	\$ 105,101
Contribution deficiency (excess)	143,039	119,509	(156,575)	(105,101)
	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 852,123	\$ 855,156	\$ 776,173	\$ 731,012
Contributions as a percentage of covered-employee payroll	16.79%	13.98%	20.17%	14.38%

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Date for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

* Fiscal year 2015 was the first year of implementation; therefore only two years are shown.

SUPPLEMENTARY INFORMATION

CITY OF PARLIER

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2016

	Special Revenue Funds				Capital Projects		Total Nonmajor Governmental Funds
	Measure C	Gas Tax	Landscape Maintenance	Local Transportation	Development Impact Fees	Fund	
ASSETS							
Cash and investments	\$ 1,406,102	\$ 905,511	\$ 91,991	\$ 1,385,358	\$ 152,262	\$	\$ 3,941,224
Due from other governments	32,715	-	-	13,816	-		46,531
Interest receivable	212	134	14	206	22		588
Total assets	<u>\$ 1,439,029</u>	<u>\$ 905,645</u>	<u>\$ 92,005</u>	<u>\$ 1,399,380</u>	<u>\$ 152,284</u>	<u>\$</u>	<u>\$ 3,988,343</u>
LIABILITIES							
Accounts payable and accrued expenses	\$ 1,504	7,233	4,121	537	-	\$	\$ 13,395
Total liabilities	<u>1,504</u>	<u>7,233</u>	<u>4,121</u>	<u>537</u>	<u>-</u>		<u>13,395</u>
FUND BALANCES (DEFICITS)							
Restricted:							
Public works	1,437,525	898,412	87,884	1,398,843	152,284		3,974,948
Total fund balances (deficits)	<u>1,437,525</u>	<u>898,412</u>	<u>87,884</u>	<u>1,398,843</u>	<u>152,284</u>		<u>3,974,948</u>
Total liabilities and fund balances	<u>\$ 1,439,029</u>	<u>\$ 905,645</u>	<u>\$ 92,005</u>	<u>\$ 1,399,380</u>	<u>\$ 152,284</u>	<u>\$</u>	<u>\$ 3,988,343</u>

CITY OF PARLIER

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	Measure C	Gas Tax	Landscape Maintenance	Local Transportation	Development Impact Fees	
REVENUES						
Taxes	\$ -	\$ -	\$ 47,697	\$ -	\$ -	\$ 47,697
Intergovernmental	395,324	324,242	-	515,528	-	1,235,094
Licenses, permits and impact fees	-	-	-	-	38,697	38,697
Interest and rent	660	422	43	641	70	1,836
Total revenues	395,984	324,664	47,740	516,169	38,767	1,323,324
EXPENDITURES						
Public works	124,159	232,585	45,964	544,459	-	947,167
Capital outlay	-	60,630	-	-	-	60,630
Total expenditures	124,159	293,215	45,964	544,459	-	1,007,797
Excess (deficiency) of revenues over (under) expenditures	271,825	31,449	1,776	(28,290)	38,767	315,527
OTHER FINANCING SOURCES (USES)						
Transfers out	(23,934)	(1,363)	-	(4,705)	-	(30,002)
Total other financing sources (uses)	(23,934)	(1,363)	-	(4,705)	-	(30,002)
Net change in fund balances	247,891	30,086	1,776	(32,995)	38,767	285,525
Fund balances - beginning	1,189,634	868,326	86,108	1,431,838	113,517	3,689,423
Fund balances - ending	\$ 1,437,525	\$ 898,412	\$ 87,884	\$ 1,398,843	\$ 152,284	\$ 3,974,948

CITY OF PARLIER

DAY CARE CENTER STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

	<u>Programs</u> <u>CSPP-5060</u>
REVENUES AND SUPPORT	
State apportionments - Child Development Program	\$ 921,742
Parent fees - certified	<u>30,265</u>
Total revenues and support	<u>952,007</u>
EXPENSES	
Certified salaries:	
Teachers' salaries	165,736
Classified salaries:	
Instructional aides' salaries	267,885
Other salaries	1,975
Employee benefits	139,937
Instructional supplies	29,912
Other supplies and groceries	78,354
Travel and conferences	8,274
Utilities and housekeeping	27,941
Rents	22,612
Other operating expenditures	108,715
Equipment	<u>4,167</u>
Total expenses	<u>855,508</u>
Net change in fund balances	96,499
Fund balances - beginning	(108,231)
Prior period adjustments	<u>13,232</u>
Fund balances - beginning, restated	<u>(94,999)</u>
Fund balances - ending	<u>\$ 1,500</u>

CITY OF PARLIER

DAY CARE CENTER

SCHEDULE OF EXPENDITURES OF BY STATE CATEGORIES FOR THE YEAR ENDED JUNE 30, 2016

Expenditures		Preschool Program CSPP-5060
1000	Certified Personnel Salaries	\$ 165,736
2000	Classified Personnel Salaries	269,860
3000	Employee Benefits	139,937
4000	Books and Supplies	108,266
5000	Services and Other Operating Expenses	167,542
6000	Capital Outlay	<u>4,167</u>
Total expenditures claimed for reimbursement		<u>\$ 855,508</u>

CITY OF PARLIER

DAY CARE CENTER

SCHEDULE OF RECONCILIATION OF CALIFORNIA DEPARTMENT OF EDUCATION AND GENERALLY ACCEPTED ACCOUNTING PRINCIPLES EXPENSE REPORTING FOR THE YEAR ENDED JUNE 30, 2016

	<u>CSPP-5060</u>
Expenditures	
Schedule of Expenditure by State Category (CDE)	\$ 855,508
Adjustments to Reconcile Difference in Reporting:	
None	<u>-</u>
Combining Statement of Activities	<u>\$ 855,508</u>

CITY OF PARLIER

DAY CARE CENTER SCHEDULE OF EQUIPMENT EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2016

	Preschool Program <u>CSPP-5060</u>
Unit Cost Under \$7,500 Per Item	
Storage Containers	\$ <u>4,167</u>
Subtotal	\$ <u>4,167</u>
Unit Cost \$7,500 or More Per Item With Prior Written Approval	
None	<u>-</u>
Subtotal	<u>-</u>
Unit Cost \$7,500 or More Per Item Without Prior Approval	
None	<u>-</u>
Subtotal	<u>-</u>
Total	\$ <u><u>4,167</u></u>

CITY OF PARLIER

DAY CARE CENTER

COMBINING SCHEDULE OF RENOVATION AND REPAIR EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2016

	Preschool Program CSPP-5060
Expenditures Under \$10,000 Unit Cost	
None	\$ -
Total	-
Expenditures Over \$10,000 Unit Cost With CDD Approval	
None	-
Total	-
Expenditures Over \$10,000 Unit Cost Without CDD Approval	
None	-
Total	-
Total Renovation and Repair Expenditures	\$ -

CITY OF PARLIER

DAY CARE CENTER

SCHEDULE OF REIMBURSABLE ADMINISTRATIVE COSTS

FOR THE YEAR ENDED JUNE 30, 2016

	<u>CSPP-5060</u>
Reimbursable Administrative Costs	
Services and Other Operating Expense	<u>\$ 80,464</u>
Total	<u>\$ 80,464</u>

AUDITED ATTENDANCE AND FISCAL REPORT

for California State Preschool Programs

Agency Name: City of Parlier Vendor No. 10 2190
 Fiscal Year Ended: June 30, 2016 Contract No. CSPP-5060
 Independent Auditor's Name: Bryant L. Jolley, CPA

SECTION I - CERTIFIED CHILDREN DAYS OF ENROLLMENT	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
<i>Three and Four Year Olds</i>					
Full-time-plus			-	1.1800	-
Full-time	6,723		6,723	1.0000	6,723.000
Three-quarters-time			-	0.7500	-
One-half-time			-	0.6195	-
<i>Exceptional Needs</i>					
Full-time-plus			-	1.4160	-
Full-time			-	1.2000	-
Three-quarters-time			-	0.9000	-
One-half-time			-	0.6195	-
<i>Limited and Non-English Proficient</i>					
Full-time-plus			-	1.2980	-
Full-time	14,922		14,922	1.1000	16,414.200
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6195	-
<i>At Risk of Abuse or Neglect</i>					
Full-time-plus			-	1.2980	-
Full-time			-	1.1000	-
Three-quarters-time			-	0.8250	-
One-half-time			-	0.6195	-
<i>Severely Disabled</i>					
Full-time-plus			-	1.7700	-
Full-time			-	1.5000	-
Three-quarters-time			-	1.1250	-
One-half-time			-	0.6195	-
TOTAL DAYS OF ENROLLMENT	21,645	-	21,645		23,137.200
DAYS OF OPERATION	249	-	249		
DAYS OF ATTENDANCE	21,645	-	21,645		

☒ NO NONCERTIFIED CHILDREN - Check box, omit page 2 & continue to Section III if no noncertified children were enrolled in the program.

Comments - If necessary, attach additional sheets to explain adjustments:

AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs

Agency Name: City of Parlier Vendor No. 10 2190

Fiscal Year End: June 30, 2016 Contract No. CSPP-5060

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION III - REVENUE			
RESTRICTED INCOME			
Child Nutrition Programs			\$0
County Maintenance of Effort (EC § 8279)			0
Uncashed Checks to Providers			0
Other (Specify):			0
Other (Specify):			0
Subtotal	\$0	\$0	\$0
Transfer from Reserve - General			0
Transfer from Reserve - Professional Development			0
Subtotal	\$0	\$0	\$0
Family Fees for Certified Children	30,264		30,264
Interest Earned on Apportionments			0
UNRESTRICTED INCOME			
Family Fees for Noncertified Children			0
Head Start Program (EC § 8235(b))			0
Other (Specify):			0
Other (Specify):			0
TOTAL REVENUE	\$30,264	\$0	\$30,264

SECTION IV - REIMBURSABLE EXPENSES

<i>Direct Payments to Providers (FCCH Only)</i>			\$0
1000 Certificated Salaries	165,736		165,736
2000 Classified Salaries	269,860		269,860
3000 Employee Benefits	139,937		139,937
4000 Books and Supplies	108,266		108,266
5000 Services and Other Operating Expenses	167,542		167,542
6100/6200 Other Approved Capital Outlay	4,167		4,167
6400 New Equipment (program-related)			0
6500 Replacement Equipment (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Budget Impasse Credit			0
Indirect Costs Rate: 0.00% (Rate is Self-Calculating)			0
TOTAL EXPENSES CLAIMED FOR REIMBURSEMENT	\$855,508	\$0	\$855,508
TOTAL ADMINISTRATIVE COSTS (included in section IV above)	\$80,464		\$80,464

FOR CDE-A&I USE ONLY:

Independent Auditor's Assurances on Agency's compliance with Contract Funding Terms and Conditions and Program Requirements of the California Department of Education, Early Education and Support Division:

Eligibility, enrollment, and attendance records are being maintained as required (check YES or NO):

☒ YES

☐ NO - Explain any discrepancies.

Reimbursable expenses claimed above are eligible for reimbursement, reasonable, necessary, and adequately supported (check YES or NO):

☒ YES

☐ NO - Explain any discrepancies.

COMMENTS - If necessary, attach additional sheets to explain adjustments:

☐ NO SUPPLEMENTAL REVENUES OR EXPENSES - Check box and omit page 4 if there are no supplemental revenues or expenses to report.

AUDITED ATTENDANCE AND FISCAL REPORT
for California State Preschool Programs

Agency Name: City of Parlier Vendor No. 10 2190

Fiscal Year End: June 30, 2016 Contract No. CSPP-5060

	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER FORM CDFS 8501	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
SECTION V - SUPPLEMENTAL REVENUE			
Enhancement Funding			\$0
Other (Specify): Donations	1,500		1,500
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL REVENUE	\$1,500	\$0	\$1,500

SECTION VI - SUPPLEMENTAL EXPENSES

EXPENSES RELATED TO SUPPLEMENTAL REVENUE			
1000 Certificated Salaries			\$0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies			0
5000 Services and Other Operating Expenses	1,500		1,500
6000 Equipment/Other Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable Capital Outlay			0
Other: e.g., Entertainment Expenses			0
Other (Specify):			0
Other (Specify):			0
TOTAL SUPPLEMENTAL EXPENSES	\$1,500	\$0	\$1,500

COMMENTS - If necessary, attach additional sheets to explain adjustments:

AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Agency Name: City of Parlier

Fiscal Year End: June 30, 2016

Vendor No. 10 2190

Independent Auditor's Name: Bryant L. Jolley, CPA

RESERVE ACCOUNT TYPE (Check One):

- ☒ Center Based
☐ Resource and Referral
☐ Alternative Payment

COLUMN A

COLUMN B

COLUMN C

PER AGENCY

AUDIT
ADJUSTMENT
INCREASE OR
(DECREASE)

PER AUDIT

LAST YEAR:

1. Beginning Balance (must equal ending balance from Last Year's AUD 9530-A)	\$1,500		\$1,500
2. Plus Transfers from Contracts to Reserve Account (based on last year's post-audit CDFS 9530, Section IV):			
Contract No.			\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred from Contracts to Reserve Account	\$0	\$0	\$0
3. Less Excess Reserve to be Billed (enter as a positive amount any excess amount calculated by CDFS on last year's post-audit CDFS 9530)			\$0
4. Ending Balance on Last Year's Post-Audit CDFS 9530	\$1,500	\$0	\$1,500

THIS YEAR:

5. Plus Interest Earned This Year on Reserve Funds (column A must agree with this year's CDFS 9530-A, Section II)			\$0
6. Less Transfers to Contracts from Reserve Account (column A amounts must agree with this year's CDFS 9530-A, Section III; and column C amounts must be reported on this year's AUD forms for respective contracts):			
CSPP - General			
Contract No. 5060			\$0
Contract No.			0
CSPP - Professional Development			
Contract No.			\$0
Contract No.			0
Subtotal	\$0	\$0	\$0
Other Contracts			
Contract No.			\$0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Subtotal	\$0	\$0	\$0
Total Transferred to Contracts from Reserve Account	\$0	\$0	\$0
7. Ending Balance on June 30, 2016 (column A must agree with this year's CDFS 9530-A, Section IV)	\$1,500	\$0	\$1,500

COMMENTS - If necessary, attach additional sheets to explain adjustments:

OVERALL COMPLIANCE, INTERNAL CONTROLS
AND FEDERAL AWARDS SECTION

CITY OF PARLIER

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
FEDERAL:			
<u>U.S. Department for Housing and Community Development</u>			
Direct Award:			
Community Development Block Grant	14.228	12-CDBG-8406	\$ 2,060
			<u>2,060</u>
Passed through the California Department of Housing and Community Development:			
Home Investment Partnership Program	14.239	14-HOME-9275	996,968
			<u>996,968</u>
Total U.S. Department of Housing and Urban Development			<u>999,028</u>
<u>U.S. Department of Justice</u>			
Passed through the California Department of Justice:			
Community Policing Grant	16.710	2013-UM-WX-0015	50,212
			<u>50,212</u>
Direct award:			
Bullet Proof Vest Program	16.607	N/A	2,841
Edward Byrne Memorial Justice Assistance Grant	16.804	2014-DJ-BX-0920	920
			<u>3,761</u>
Total U.S. Department of Justice			<u>53,973</u>
<u>U.S. Department of Transportation</u>			
Passed through the California Department of Transportation:			
Regional Surface Transportation Program	20.205	RSTP-5252(022)	50,212
Active Transportation Program	20.205	ATPL-5252 (023)	6,675
State Transportation Program	20.205	STPL-5252 (019)	29,837
Highway Safety Improvement Program	20.205	HSIPL-5252 (018)	2,855
Congestion Mitigation and Air Quality Agreement	20.205	CML-5252(017)	3,278
Congestion Mitigation and Air Quality Agreement	20.205	CML-5252(021)	19,752
			<u>112,609</u>
Total U.S. Department of Transportation			<u>112,609</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through the California Department of Education:			
Child Development Programs 13609-2198	93.596	CSPP-5060	172,635
Child Development Programs 15136-2190	93.575	CSPP-5060	59,215
			<u>231,850</u>
Total U.S. Department of Health and Human Services			<u>231,850</u>
Total Federal Expenditures			<u>\$ 1,397,460</u>

CITY OF PARLIER

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>State Expenditures</u>
STATE:			
California Department of Education:			
Child Development Programs 23038-2190		CSPP-5060	\$ 373,150
Child Development Programs 23254-2190		CSPP-5060	221,587
Program Income		CSPP-5060	<u>31,765</u>
Total California Department of Education			<u>626,502</u>
Total State Expenditures			<u>626,502</u>
Total Federal and State Expenditures			<u>\$ 2,023,962</u>

CITY OF PARLIER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) utilizes the modified accrual method of accounting for reporting of federal expenditures. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Schedule of Expenditures of Federal Awards

The accompanying Schedule presents the activity of all federal financial assistance programs of the City of Parlier. The Schedule includes federal awards received directly from federal agencies, as well as federal financial assistance passed through other agencies. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to, and does not, present the operations of the City as a whole.

Cost Rate

The City does not elect to use the 10% de minimus cost rate.

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

To the Honorable Mayor and City Council
City of Parlier, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Parlier (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated October 24, 2016.

Internal Control over Financial Reporting

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

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

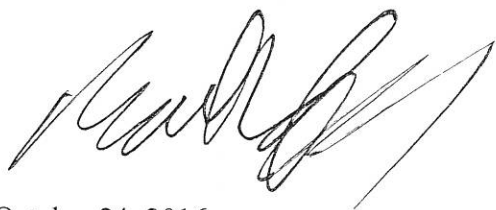
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to be 'Audrey', written in a cursive style.

October 24, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and City Council
City of Parlier, California

Report on Compliance for Each Major Federal Program

We have audited the City of Parlier's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2016. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to be 'Michael J. [unclear]', written over a horizontal line.

October 24, 2016

CITY OF PARLIER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiencies identified?

_____ yes X none reported

Noncompliance material to financial
statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

Material weaknesses identified?

_____ yes X no

Significant deficiencies identified?

_____ yes X none reported

Type of auditor's report issued on compliance
for major programs:

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with 2 CFR
200.516(a)?

_____ yes X no

Identification of Major Programs

CFDA Number

14.239

Name of Federal Program or Cluster

Home Investment Partnership Program

Dollar threshold used to distinguish between
Type A and Type B programs:

\$750,000

Auditee qualified as a low-risk auditee?

_____ yes X no

Financial Statements Findings

No matters were reported

Findings and Questioned Costs for Federal Awards

No matters were reported

CITY OF PARLIER

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2016

Finding 2015-001 – Implemented

Finding 2015-002 – Implemented

Finding 2015-003 – Implemented

Finding 2015-004 – Implemented

CITY OF PARLIER
MANAGEMENT REPORT
FOR THE YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS

	<u>Page</u>
Introduction	1
Required Communications	2 - 4

BRYANT L. JOLLEY

CERTIFIED PUBLIC ACCOUNTANTS

Bryant L. Jolley C.P.A.
Ryan P. Jolley C.P.A.
Darryl L. Smith C.P.A.
Jaribu Nelson C.P.A.
Lan T. Kimoto
Jeffrey M. Schill

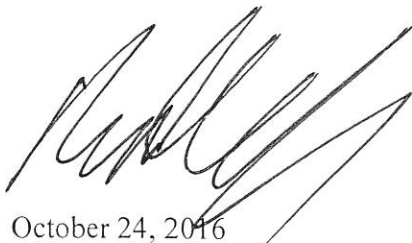
To the Honorable Mayor and City Council
City of Parlier, California

In planning and performing our audit of the basic financial statements of the City of Parlier (City) for the year ended June 30, 2016, in accordance with generally accepted auditing standards in the United States, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal controls.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended for the use of management, the City Council, and others within the organization, and it's not intended to be and should not be used by anyone other than these specified parties. We thank the City's staff for its cooperation during our audit.



October 24, 2016

To the Honorable Mayor and City Council
City of Parlier, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Parlier for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 24, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Parlier are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City of Parlier changed accounting policies related to fair market value by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 72, Fair Value Measurement and Application, in 2016. We noted no transactions entered into by the City during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance and consensus. All significant transactions have been recognized in the financial statements in the proper period.

We noted no transactions entered into by City of Parlier during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management has determined the economic useful lives of fixed assets based on past history of similar types of assets, future plans as to their use, and other factors that impact their economic value to the City. We evaluated the key factors and assumptions used by management in computing depreciation expense and believe that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for doubtful accounts is based on an evaluation of collectability primarily focused on past due accounts. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of the net pension liability and related deferrals is based on actuarial valuations which include significant assumptions regarding discount rate, inflation, payroll growth, projected salary increases and investment rate of return. We evaluated the key factors and assumptions used to develop the liability and related deferrals in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 24, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to City of Parlier's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as City of Parlier's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

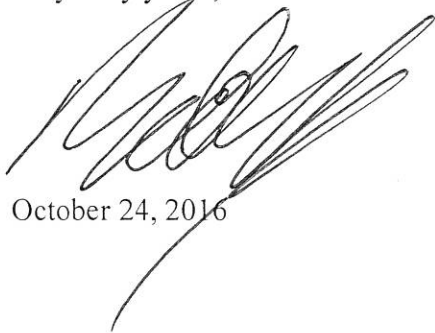
We applied certain limited procedures to the Budgetary Comparison Schedules, Proportionate Share of Net Pension Liability, and Schedule of Contributions which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, as listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the City Council and management of City of Parlier and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to be "M. J. [unclear]", written over the date.

October 24, 2016

Purple Hearts Holistic Alternative Therapy

Mission Statement: “Purple Hearts Holistic Alternative Therapy looks toward being a leading advocate and resource of veterans and citizens in pursuit of a higher quality of life”

Core values: Honor, Integrity, Professionalism, Commitment, Compassionate Service

Vision Statement: Purple Hearts Holistic Alternative Therapy is poised to providing safe access and respecting the diverse needs of our servicemen and non-service men and women alike.

- Executive Summary
- Nature of Request
- History and Background
- Justification
- Recommendation and Timetable
- Conclusion

Executive Summary

To support the approach toward veteran and citizen relief from a wide variety of ailments, this information will advocate the culmination of a veteran-run holistic alternative cultivation operation. Purple Hearts Holistic Alternative Therapy will actively encourage joint action from city governments and local agencies both in the medical and law enforcement communities inside and outside of Fresno County. Purple Hearts Holistic Alternative Therapy also seeks to build employment opportunities for community members looking to join our cause. We want to create a culture in the community that takes pride in the aims of Purple Hearts Holistic Alternative Therapy.

Nature of Request

It is estimated that in 2015, 42443 veterans will be living in Fresno County(Cal Vet). Of those veterans, studies have shown figures and percentages as high as 30% have shown symptoms of Post Traumatic Stress Disorder, as well as other numerous physical and mental ailments. With figures showing 22 veterans take their own lives everyday, Purple Hearts Holistic Alternative Therapy takes this very personal. Recent studies by leading scientists have indicated positive signs of relief from the agonizing symptoms associated combat and deployment with the properly administered medicinal use of cannabis. For those veterans and citizens who respond better or prefer alternative herbal cannabis to the synthetic based pain reliever or psychiatric, safe access is a problem in Fresno County. Purple Hearts Holistic Alternative seeks to ensure that no veteran or citizen is without that option to safe access.

Therefore, Purple Hearts Holistic Alternative Therapy would respectfully request the ability to conduct operations, in accordance with all city and state laws and ordinances.

History and Background

- We are experienced and compassionate providers and cultivators that were born and raised in the Central Valley. Both have known each other since middle school and graduated from Reedley High School in 2003, just as military operations overseas intensified.
- Luis enlisted in the Armed Forces and was honorably discharged and is a veteran of the United States Navy. Luis is partnered with multiple collectives and had a mobile dispensary of his own, along with years of cannabis experience.
- Andrew would graduate from UCLA in 2007, majoring in Political Science and History. He would come back to the valley to obtain his Masters from Fresno State in Public Administration in 2015.
- Upon arrival back into the Central Valley, both Luis and Andrew were unhappy at the lack of safe access options provided to veterans, who fought very hard for their country. This is where our organizations goals and objectives derive from. We find the revelations unacceptable that many veterans perish waiting for treatment and care with the Veteran's Administration. We have the deep and devote passion to aid those in achieving a higher quality of life, especially our brave men and women.

Justification

- Safe Access
- Tax Revenue
- Community Garden Project
- Employment Creation
- Donations to veterans and the City of Parlier

Recommendation and Timetable

Recommendation

Purple Hearts Holistic Alternative Therapy, as well as the overall community, would greatly benefit from the ability to act as cultivator/dispensary for veterans and citizens. It would be our duty, motivated by the family and friends of servicemen and women, to provide the organizational catalyst by educating Fresno County to the benefits of what this holistic therapy option offers their loved ones.

Timetable

Our organization feels it necessary to begin operations on Purple Hearts Holistic Alternative Therapy as soon as zoning and ordinances are approved. We will start by identifying properly zoned facilities that suit the size of the cultivation operations.

Conclusion

- We fully comprehend the political circumstances and legal formats needed to achieve Purple Hearts Holistic Alternative Therapy goals. We can provide the necessary knowledge, investments, experience, and manpower to ensure optimal growth. Our contacts, in combination with business- friendly public policy, can create substantive tax revenue streams and community employment. Given the opportunity, we look forward to being intimately involved with the community and members within. This is our passion and we look forward to providing quality cultivation services and more avenues to safe access.

CONFIDENTIAL

Purple Hearts Alternative Therapy

"PURPLE HEARTS LOOKS TOWARD BEING A LEADING ADVOCATE AND RESOURCE OF VETERANS AND CITIZENS IN PURSUIT OF A HIGHER QUALITY OF LIFE."

Business Plan Prepared November 2016



Contact Information

Luis Valencia
purpleheartsaltmed@gmail.com

522 E Cambridge Drive
Reedley, California 93654, United States Of America
559-421-8250

Table of Contents

Executive Summary1
Introduction1
Our Purpose2
Products.....5

Financial Plan7
Expectations7

Company Summary10
Overview.....10

Strategy and Implementation Summary13
Our Plan of Action.....13

Market Analysis Summary16
The New California Gold Rush16

Appendix.....26
A-1 Financial Statements.....26
A-2 References.....31

Executive Summary

Introduction

Purple Heart Alternative Therapy will be a project built around highly successful businessmen and well established farmers geared to the development and training of skilled and semi-skilled staff in the cultivation and medical marijuana market. The project aim is to carry out intensive and high turnover production, off a small area, while providing work and leadership experience for local men and women in addition, to promoting the city and community financially.

The company is a combination of cutting edge, high quality, efficient technology and production. It is committed to the highest quality of taste in our products and excellent quality and medical benefits. The company will provide education, experience and research in the marijuana industry. It has the experience and extensive knowledge of well-known growers Luis Valencia. Luis possesses first-hand experience and knowledge as a farmer and more importantly as a patient. Luis has over 30 years of experience between his partners and him. This project will be a seed-to-sale based operation, and will supply various collectives, dispensaries, and hemp distribution outlets. With additional aspirations of distributing at a national level in the various market segments the industry presents.

Our product is dynamic in regards to its potential usage. Our product enables us to extract a great deal of value with very little waste, geared for the national markets, medical patients and with the current legislation recreational use. With our best interest lying with our end user, Purple Hearts wishes to provide a safe and legal way to an alternative medication.

Our Purpose

1.1 Objectives

The objective of this project is to establish an intensive farm, producing high-quality medical grade cannabis for both the state and national level for medical purposes. Also, with the intentions of providing an alternative to prescription based drugs. To support the approach toward veteran and citizen relief from a wide variety of ailments, this information will advocate the culmination of a veteran-run holistic alternative cultivation operation. *Purple Hearts Alternative Therapy* will actively encourage joint action from city governments and local agencies both in the medical and law enforcement communities inside and outside of Fresno County. Purple Hearts Alternative Therapy also seeks to build employment opportunities for community members looking to join our cause. We want to create a culture in the community that takes pride in the aims of *Purple Hearts Alternative Therapy*.

1.2 Keys to Success

- Compliant with state and local ordinance.
- Working with the City of Parlier by being fully transparent, respectful, and legally compliant.
- Efficient production utilizing indoor lighting, greenhouses, and the outdoor environmental conditions.

- No existing projects of this magnitude in the Central Valley region.
- Experience and partnerships established within the industry.
- Demand and distribution.

1.3 Mission

Purple Heart Alternative Therapy:

“Looks toward being a leading advocate and resource of veterans and citizens in pursuit of a higher quality of life.”

1.4 Vision & Values

Purple Hearts Vision is poised to providing safe access and respecting the diverse needs of our servicemen and non-service men and women alike.

Core Values revolve around:

- Honor
- Integrity
- Professionalism
- Commitment
- Compassionate Service
- Transparency

1.5 Why Us?

Purple Hearts team is comprised of various figures that have experience within the industry that have the skills and channels available now. This includes our team of advisors in the current market who have proprietary innovative technology and techniques. We not only seek out to establish a business with the City of Parlier, but also to develop a strong partnership. Purple Hearts has the City of Parlier's best interest at heart. Holding a promise to pay it forward by stimulating the local community economy and literally building new roads for the City Parlier by:

- Funding events and local community events.
- Establishing an annual food drive.
- Sponsoring local youth programs, school athletic teams and gang awareness programs.
- Providing addition revenue for the City.
- Donating to the local police department.
- Creating new jobs for local residents.

1.6 Underlying Facts

It is estimated that in 2015, 44,206 veterans will be living in Fresno County (Cal Vet). Of those veterans, studies have shown figures and percentages as high as 30% have shown symptoms of Post Traumatic

Stress Disorder, as well as other numerous other physical and mental ailments. With figures showing 22 veterans take their own lives every day, *Purple Hearts Alternative Therapy* takes this very personal. Recent studies by leading scientists have indicated positive signs of relief from the agonizing symptoms associated combat and deployment with the properly administered medicinal use of cannabis. For those Veterans and citizens who respond better or prefer alternative herbal cannabis to the synthetic based pain reliever or psychiatric, safe access is a problem in Fresno County. Purple Hearts Alternative seeks to ensure that no veteran or citizen is without that option to safe access.

Therefore, *Purple Hearts Alternative Therapy* would respectfully request the ability to conduct operations, in accordance with all city, county, and state laws and ordinances.

Products

Our main crop to be cultivated will be the marijuana bud. Depending on the permission and agreement with the city we seek to purchase five to ten acres of land. We would request two to four acres strictly committed to cultivation. The plan is currently based on the notion of the current ordinance permitted. Our ambitions consist of a variety of product grade quality and uses.

We look forward to obtaining:

- 22,000 sqft indoor cultivation facility.
- A designated area restricted to outdoor cultivation.
- Two greenhouse cultivation structures.
- Projecting estimation of around 22.000 lbs of medical grade cannabis.

Furthermore, our products will be the center and the main ingredient in an array of consumer goods. This is the bud that is yielded from the marijuana flower. There are predicted nearly 25,000 different uses with our product. Although, we are in the position of farming the raw materials, the market segments we can potentially be supplying and seeking to be a part of are as follows:

- Wines
- Edibles
- Oils
- Hemp
 - Shampoo/Soap
 - Lotion
 - Clothing
 - Milk
 - Fuel
 - Textiles
 - Seeds

Financial Plan

Expectations

3.1 Forecast

We are currently projecting sales of approximately \$30,920,000 in year 1 and \$63,840,000 in year 2. That is assuming we're done with construction within our timeline and start full operations by March 1, 2017.

Year 1 forecast goal is harvesting twice and Year 2 forecast is harvestings up to four times with our indoor operation at full capacity and greenhouse and outdoor seasonal process fully operational. Our officers will draw only minimal salaries, so we can reinvest our profits into expanding the business. Employment beside utilities will be our biggest expense, followed by smaller allotments for supplies, maintenance and tax expenses. If we are allotted additional area to cultivate our earning potential will increase. For now, though, we are focused on getting our business running and making a great success and partnership with the City of Parlier.

3.2 Financing Needed

The company is seeking both short-term and long-term funding to finance the purchase of a new farm and development costs of the project. This will cover startup expenses and stabilize our cash flow. There will be a combination of personal investments and three to five outside investors. The company's projected investment pool is currently at 2.1 million. We are determined to pay back our investment group within a two year span. Startup costs will consist of obtaining a city permit, construction and improvement of the city's street for proper access to the production site and the cost to purchase said land parcel. Our proposal to defer first year payment will allow us the chance to establish our company.

Also, maintaining our salaries low so our funds usage will pertain primarily to cost of goods sold, utilities, building and structural costs. It is estimated that the company will begin to make a profit in year 1 of operations if allotted projected figures. This project is expected to begin production within three to five months from the start of the land being purchased as explained in our timeline we provided.

3.3 Financial Highlights (All years)



Company Summary

Overview

2.1 Ownership & Structure

Purple Hearts Alternative Therapy's legal structure will be a Limited Liability Company. The LLC will be comprised of a board of directors and officers running the companies day to day operations. Leading the company will be a successful businessman with a determination of developing a small farm into a highly productive indoor hydroponics, greenhouse, and hopefully an outdoor operation. The founder and Chief Executive Officer (CEO) of the company is Luis Valencia. Additionally, partnering up with A1 one of our investors and distribution company. The company will be established with officers of the company including a Chief Operation Officer (COO), and Chief Financial Officer (CFO). Hydroponics is the growing of high-quality marijuana in either a high-tech indoor facility, or in multi-span greenhouses. The product is grown in and housed in various ways. In bags with a medium used to support the root system in water hence the name hydroponics. The plants are automatically fed nutrients through exclusive irrigation systems. The plants are grown in the best suitable growing conditions, which allow each plant to produce each bud to potentially its maximum concentrated value. The marijuana will be grown in an enclosed open field process if allowed. The marijuana will be irrigated via drip units, using the run-off nutrients from the multiplane tunnels. The correct nutrients are highly effective and will provide all the requirements the cannabis will require. The marijuana will be cut, trimmed, cured and processed.

Staying compliant with California state law all of our products will be sold with the seed-to-sale requirement, tracking each individual plant's total yield and harvest via UPC coding. Ultimately selling by a per pound measurement. The company will concentrate on the production of high grade marijuana and in time will pursue alternative markets in the manufacturing of oils.

2.2 Management Team & Employees

Purple Hearts will have a great management team. To start, Luis Valencia acting CEO will be working first hand with every aspect of the process and leading the operation. Luis has established the experience and knowledge base to farm at a large scale. An industry pioneer and leader in the City of San Luis Obispo and other successful ventures in the industry having all the necessary attributes to run a successful business. Luis enlisted in the Armed Forces and was honorably discharged and is a veteran of the United States Navy. Luis is partnered with multiple collectives and had a mobile dispensary of his own, along with over 15 years of cannabis experience alone under his belt.

Additionally, Andy Chavez will have the title of COO. Andy a pillar to the operations of the company and holding a Bachelor's Degree from UCLA majoring in Political Science and History has the educational background to operate this business. Also, obtaining his Master's Degree from Fresno State in Public Administration enables him to have all the bases covered in the industry with knowledge in local and state government regulations.

Furthermore, our personal and future company accountant acting as CFO Aremi Alanis Jr has a Bachelor's Degree in accounting from Fresno State. Aremi has the experience currently working in

the public accounting sector for the past four years specializing in tax and auditing. He is the perfect asset for our company playing an important role of managing our multifaceted finances providing record keeping as well as financial statements.

Lastly, we project to employ individuals from the community. Our current financial estimates based on the size of the property allotted allow for a range from 20 to 25 additional members the first year starting at \$15 an hour. Our goal is to maintain a low turnover percentage as well as maintaining a positive and safe work environment. Safety for our employees and their satisfaction are corner stones with *Purple Hearts*. The table below shows our projected direct labor expense with 20 employees in 2017, 25 in 2018, and 30 in 2019.

Personnel Table

	2017	2018	2019
(Lean, trim, cure, package and inventory)	\$636,000	\$868,320	\$872,670
Total	\$636,000	\$868,320	\$872,670

Strategy and Implementation Summary

Our Plan of Action

Purple Hearts Alternative Therapy strategy is to profitably and efficiently utilize present and future agricultural technology in the production of medical marijuana. The company, by developing a profitable farm with all the necessary custom-innovated equipment, will gain a significant industry advantage. Additional application and utilization of horticultural technology in the production will double utilization of the climate controlled portion of the overhead.

The company's goals in the first year are as follows:

- Develop and complete phase one of the project.
- To have maximized all planting/ harvest capabilities and ready for production.
- To have a continuous output replanted ready for production every four to five months.
- To have curing/grading and pack shed constructed.
- To have established a firm full security plan, with an experienced trusted security team on the premise at all times.
- Establishing an enclosed parameter with 10 to 15 foot walls.

Additionally, we are going to develop a Human Resources Department (HR) with the capabilities of obtaining a complete and thorough background check, including the requirement of DMV records, financial records and other enforced requirements. All employees must agree to a drug test, by way, but, not limited to, urine, follicle, saliva swab, or blood test. Each employee must pass all requirements to be considered for employment. To hand select each potential employee with strict and enforced criteria for employment at the highest standards.

The company's long term plan is to apply R&D to produce various strains and fresh products that no one can retain or reverse engineer as well as obtaining a manufacturing license with the ability to produce oil based products.

4.1 Competitive Edge

Purple Hearts Alternative Therapy main competitive advantages are:

- Efficient production utilizing our indoor facility, greenhouse and possibly outdoor process.
- No existing projects of this magnitude in the Central Valley region.
- Experience in the marijuana industry for over 20 years.
- The strains/varieties we possess are second to none and are of extraordinary quality.
- Growing techniques which have taken years to develop and master a perfect science.
- Having multiple outlets for our product guaranteeing sales

4.2 Marketing Strategy

Purple Hearts will market and supply its own products to the selected outlets aggressively, focusing at first on local markets within the state and nearby counties and then look for future exports nationwide. We will emphasize the reliable year-round output of our climate-controlled hydroponics indoor facilities, as well as the ability to produce in-demand. Our greenhouse operations will be a seasonal production due to the climate fluctuation throughout the year. Marketing for medical cannabis will take place with direct contact between Purple Hearts and our partners at A1 distribution. A1 has the platform already in motion which own and operates a collective and medical dispensary here in California. Furthermore, this guarantees our product meets the medical patients that need our product to survive. The company will also eventually develop a website and advertise on the Internet, as legislation and laws are continually evolving. Although note these future marketing avenues are not included in this plan.

4.3 Sales Strategy

At *Purple Hearts*, the sales process is primarily the same for any other farm and manufacture in that our various grade products will be mainly sold through wholesale marketing. Shipments of our end product will be transported in trucks as per orders. Shipping will be accompanied with a security detail as well as GPS locators. We project shipping will be rather moderate throughout the year. This will give us the ability to operate with a rather low risk.

Market Analysis Summary

The New California Gold Rush

So what's going to be happening in California after November 8th? While it is easy to make broad brush statements about demand and market size, no one truly knows what the near and long-term implications of MCRSA and AUMA will be. We can however, forecast potential scenarios by examining the experiences and lessons learned from other markets.

As MCRSA and presuming passage AUMA are implemented, oversupply situations could cause price declines, yet unforeseen compliance costs and potential supply bottlenecks (such as quarantined product, packaging and labeling issues, and insufficient laboratory testing capacity) could increase prices. The impact on pricing that accompanied the transition from a lightly-regulated medical system to one with stricter oversight in connection with the implementation of licensed and regulated adult-use sales, such as in Oregon, Colorado, and Washington, is instructive in predicting future market conditions in California.

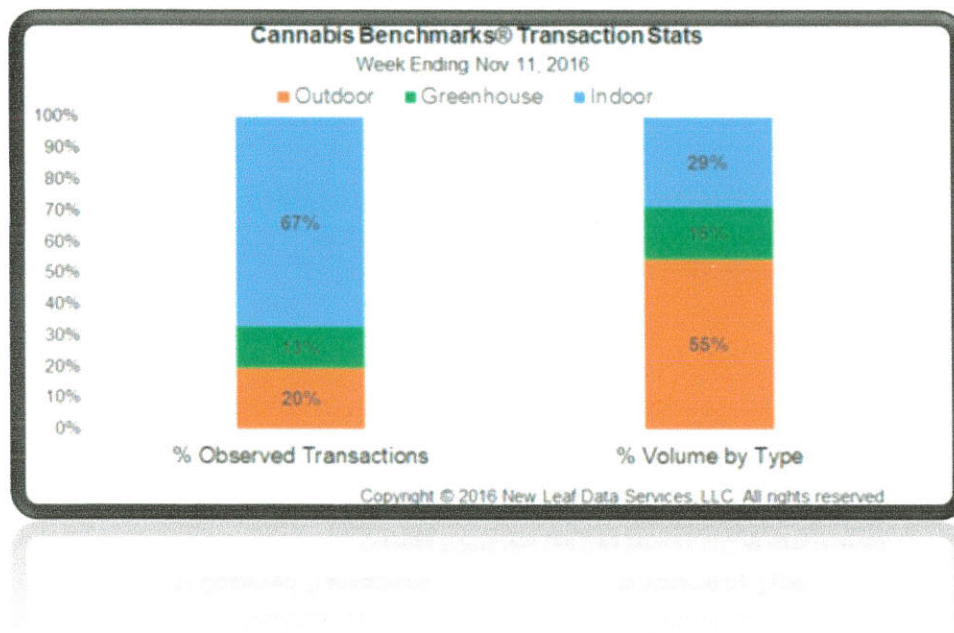
Due to the fact, of this emerging market *Purple Hearts* wants to establish itself in the industry prior to the uncertainties and negative fluctuation of market prices. This section focuses on the market and industry trends in the recent months and near future. Our plan is to get in prior to the saturation of goods state. This ultimately will reduce demand and drop the price and market share dramatically.

5.1 Industry Analysis

Purple Hearts Alternative Therapy has completed research and gathered some current market data providing evidence for our argument that our operation scale and timing is a major key to our success.

Currently, according to Cannabis Benchmarks U.S. Cannabis Spot Index down 0.5% to \$1,386 per pound, a new year-to-date low. The simple average (non-volume weighted) price increased \$54 to \$1,775 per pound, with 68% of transactions in the \$1,266 to \$2,285 per pound range. The average deal size decreased 18.8% to 14.5 pounds this week, from 17.9 pounds last week. In grams, the Spot price was \$3.06, and the simple average price was \$3.91. (*Weekly Report, 2016*)

To start, the relative frequency of transactions for indoor flower decreased 3% week-over-week, with the difference being made up by relatively more deals for outdoor product. Despite accounting for only one fifth of all observed trades, field-grown flower made up over half of the observed volume traded this week, up 3% from November 4th. The relative volume of warehouse product also grew 3% compared to last week. The relative volume of greenhouse flower traded fell to less than one sixth of the total observed weight moved. (*Weekly Report, 2016*)



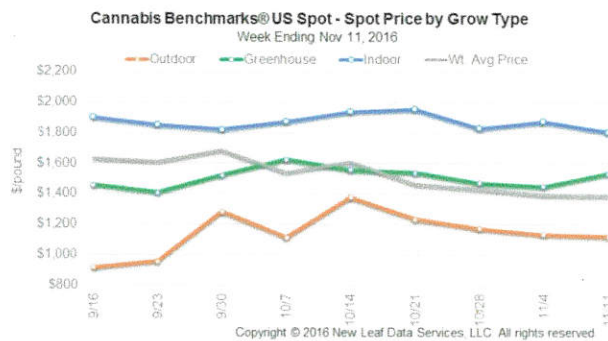
1. Indoor flower spanned from \$1,000 to \$3,200 per pound; the median price was \$1,800.
2. Greenhouse flower spanned from \$900 to \$2,400 per pound; the median price was \$1,700.
3. Outdoor flower spanned from \$800 to \$2,300 per pound; the median price was \$1,350.

Cannabis Benchmarks® US Spot Weighted Avg (Week Ending Nov 11, 2016)

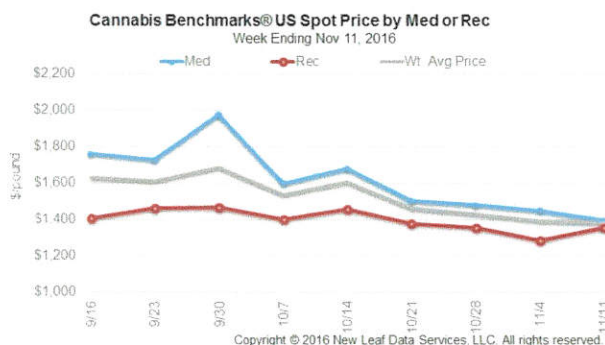
	This Week	Last Week	Week on Week Δ
Total	\$ 1,386	\$ 1,393	-0.5%
Indoor	\$ 1,805	\$ 1,873	-3.6%
Greenhouse	\$ 1,533	\$ 1,450	5.8%
Outdoor	\$ 1,121	\$ 1,135	-1.2%

Copyright © 2016 New Leaf Data Services, LLC. All rights reserved.

Though pricing for greenhouse-grown flower jumped almost 6% week-over-week, declines in rates for indoor and outdoor product - which this week combined to make up almost 85% of the total observed volume traded - pushed down the composite volume-weighted average. National pricing for indoor product nearly reached the \$1,800 per pound threshold. Prices for outdoor flower continue to fall, but the pace of the decline has slowed in recent weeks. (*Weekly Report, 2016*)

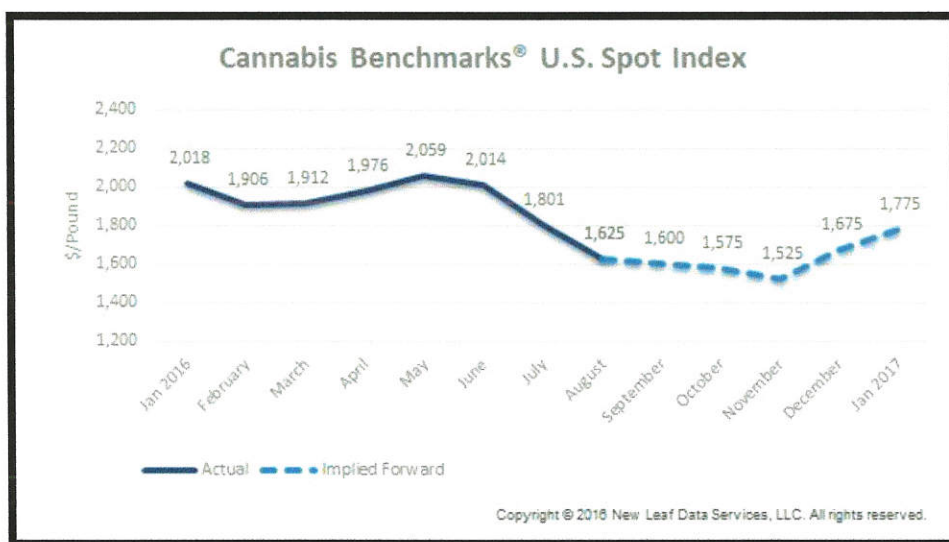


The gap between medical and recreational prices contracted dramatically this week to only \$40, from last week's difference of \$163. Prices rose in the adult-use markets of Colorado, Washington, and Oregon - with the most significant rise taking place in the latter state - pushing composite rates for adult-use product up over 5% compared to last week. Contrastingly, an overall fall in prices in California's medical market largely drove the decline in pricing for such product. The current difference between rates for flower of each designation is the smallest since the start of the market analysis. (*Weekly Report, 2016*)



Looking ahead to December 2016 it looks to be unchanged at \$1,525 per pound. The share of forward transactions observed represented 4.6% of all reported deals, and were priced similarly to last week. 100% of reported forwards had durations of at least 3 months. At \$1,525 per pound, the December Forward represents a premium of 10% relative to the current U.S. Spot Index of \$1,386. For context, in 2015, the U.S. Spot Index experienced an average price increase of 7% from November (at \$1,801 per pound) to December (at \$1,927 per pound). In absolute terms, the difference was \$126 per pound, versus the current Spot to December 2016 Forward differential of \$139 per pound. (*Weekly Report, 2016*)

The average forward deal was 30 pounds. The proportion of forward deals for outdoor, greenhouse and indoor grown flower represented 38%, 31% and 31% of forward arrangements, respectively, unchanged from last week. The median forward deal size for monthly delivery for outdoor, greenhouse and indoor grown flower was 50 pounds, 22.5 pounds and 20 pounds, respectively. The premium or discounts to the U.S. Spot Index are illustrated in the table below. (*Weekly Report, 2016*)



Cannabis Benchmarks® U.S. Implied Forward Prices (Week Ending November 11, 2016)

Delivery Month	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17
This Week's Forward Price	\$ 1,525	\$ 1,625	\$ 1,650	\$ 1,675	\$ 1,700	\$ 1,725
Last Week's Forward Price	\$ 1,525	\$ 1,625	\$ 1,650	\$ 1,675	\$ 1,700	\$ 1,725
Change	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Premium/Discount to Spot	10.0%	17.2%	19.0%	20.9%	22.7%	24.5%

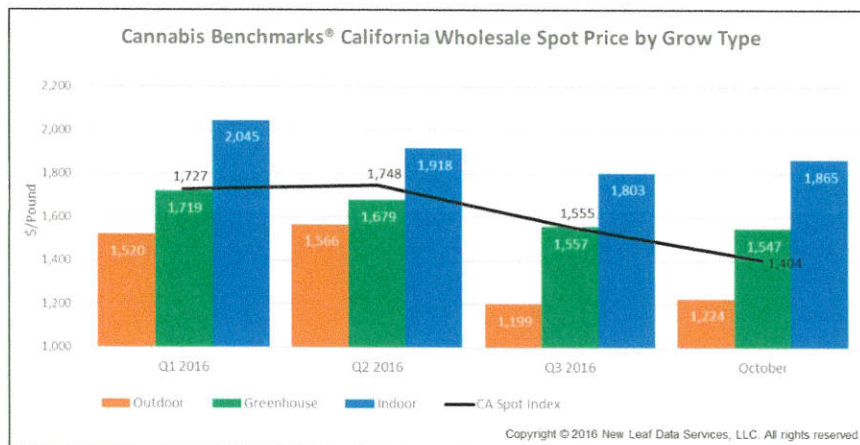
Copyright © 2016 New Leaf Data Services, LLC. All rights reserved.

5.2 Market Analysis

The cultivation industry is still in its infancy with new legislation affecting the market, in terms of research and the number of completely developed farms in the valley. The biggest negative is the start-up costs to erect a fully state-of-the-art project. Therefore, if a project is going to be developed, a few major factors need to be taken into account.

- **Selected Markets.** Due to regulations and our high quality, the medical cannabis must be sold from a collective to retrieve highest price.
- **Project size.** The project must be able to supply produce all year round; if not, retail outlets will not be interested.
- **Timeline.** To emerge as a power house in the market we need to move forward as quickly as possible.

The Industry is still small; yet growing every day, therefore a project of this magnitude will create interest among the entire major outlet in the market. California has a decades-long history as the U.S. “breadbasket” of sun fueled cannabis production, which to this point has taken place with little to no regulatory oversight. This situation has resulted in California clashing with Washington for the lowest prices in the nation, illustrated below.



Furthermore, California boasts a population of over 38 million, which would make it the largest projected cannabis market in the country by far, and covers a vast and diverse geographic area unparalleled in the continental U.S. Clearly, the state presents a number of unique attributes that make it difficult to extrapolate exactly how the California market will react now that Proposition 64 passed last week. Nevertheless, our analysis of the legal markets in Washington, Oregon and Colorado - observed and documented by Cannabis Benchmarks over the past 18 months can contribute to understanding impending market dynamics and price trends in California.

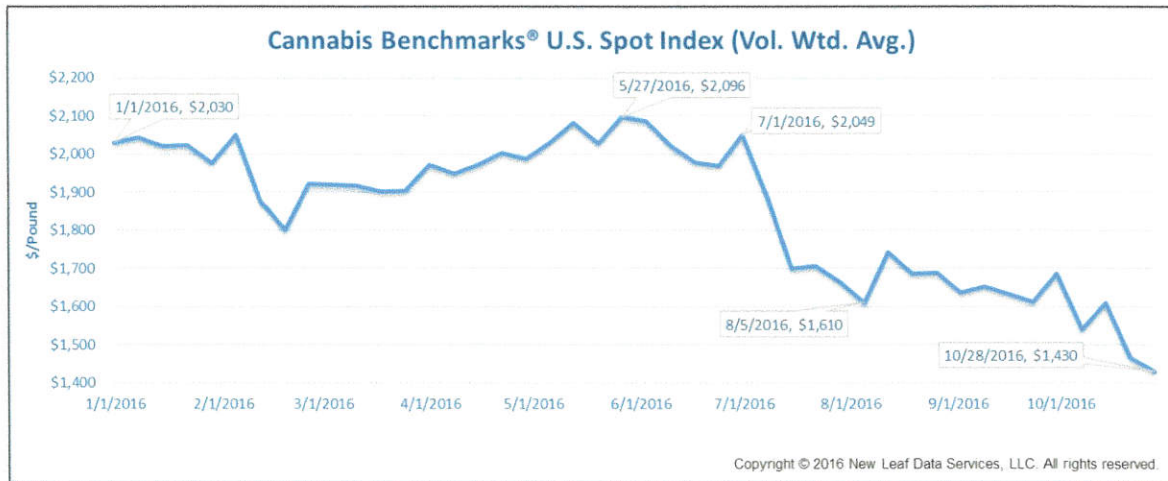
As California implements a legal, regulated system, a percentage of the state's massive gray and black market production will be redirected to the legal market as existing operators come into compliance. Additionally, newly licensed grow sites and facilities of all types will come online during the first few years after legalization, expanding the already voluminous production taking place in California.

Consequently, it seems inevitable that the supply of legal cannabis will increase and prices will ultimately decline, as we have seen in the adult-use markets of Washington and Colorado, perhaps exacerbated by the horizontal integration of the market from the outset, as in the case of Washington.

Prior to market maturation, however, it is likely that prices will increase in the near term. The mandate to employ a distributor for testing, as well as labeling and ultimate transportation to retailers, combined with stringent environmental and water regulations unique to the Golden State, will drive up costs for cultivators and prop up wholesale prices. State and local taxes, licensing fees, insurance, formal payroll, and other customary business expenses which California operators have largely avoided to this point - will further increase operational costs. As in Oregon, the increased costs to cultivators, and the potential for bottlenecks for testing and distribution, may buoy prices in the face of plentiful supply.

In the turbulent and uncertain transition from an unregulated market to a licensed system with extensive oversight, those buyers and sellers transacting business without validated price assessments could unintentionally miss opportunities to maximize their operating margins.

As shown in the chart below, the U.S. Spot Index declined more than 21% from the beginning of July to the beginning of August. This mid-year, pre-fall harvest supply surge was unprecedented, and established the peak price for 2016 at \$2,096 per pound on May 27th, four months earlier than the peak price for 2015, which was \$2,133 per pound, and occurred September 11th. (*Weekly Report, 2016*)



5.2.1 Competition and Buying

Purple Hearts Alternative Therapy aims to be one of the largest suppliers of medical cannabis in the Central Valley region. At present there are very few big growers, minimizing the competition. The advantage of a large scale is the availability to produce high grade cannabis all year round in large quantities. This immediately becomes a positive factor with major collectives, dispensaries and major segments requiring our raw material.

Appendix

A-1 Financial Statements

Projected Profit & Loss

	2017	2018	2019
Revenue	\$25,110,000	\$42,780,000	\$44,800,000
Direct Costs	\$687,700	\$920,020	\$924,370
Gross Margin	\$24,422,300	\$41,859,980	\$43,875,630
Gross Margin %	97%	98%	98%
Operating Expenses			
Salary			
Employee Related Expenses			
Advertising and Promotion	\$500	\$500	\$500
City Tax	\$376,650	\$641,700	\$672,004
Legal & Professional	\$5,000	\$5,000	\$5,000
Office Supplies	\$500	\$500	\$500
Prop 64 Tax (Bud)	\$4,968,600	\$8,437,800	\$8,820,000
Prop 64 Tax (Leaf)	\$638,000	\$1,144,000	\$1,232,000
Property Tax	\$3,192	\$3,192	\$3,192
Interest	\$575	\$575	\$575
Road Construction	\$547,500		
Franchise Tax Board	\$800	\$800	\$800

CONFIDENTIAL - DO NOT DISSEMINATE. This business plan contains confidential, trade-secret information and is shared only with the understanding that you will not share its contents or ideas with third parties without the express written consent of the plan author.

Total Operating Expenses	\$6,667,292	\$10,448,392	\$10,958,992
Operating Income	\$17,553,708	\$31,210,288	\$32,715,338
Interest Incurred	\$7,880	\$3,467	\$39
Depreciation and Amortization	\$14,552	\$14,552	\$14,552
Income Taxes	\$1,441,947	\$2,565,565	\$2,689,636
Total Expenses	\$9,020,671	\$14,153,296	\$14,788,889
Net Profit	\$16,089,329	\$28,626,704	\$30,011,111
Net Profit / Sales	64%	67%	67%

Projected Balance Sheet

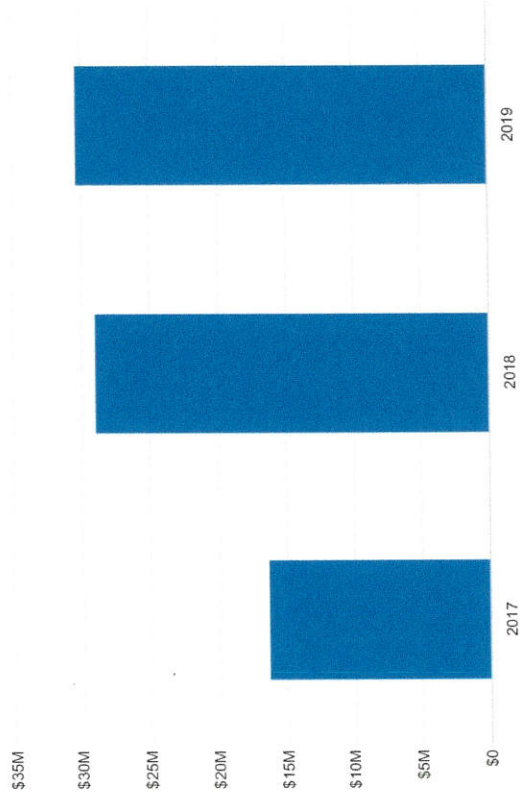
	2017	2018	2019
Cash	\$20,452,360	\$47,937,165	\$77,976,928
Accounts Receivable	\$0	\$0	\$0
Inventory	\$21,083	\$21,083	\$21,083
Other Current Assets			
Total Current Assets	\$20,473,443	\$47,958,248	\$77,998,011
Long-Term Assets	\$813,563	\$813,563	\$813,563
Accumulated Depreciation	(\$14,552)	(\$29,104)	(\$43,656)
Total Long-Term Assets	\$799,011	\$784,459	\$769,907
Total Assets	\$21,272,454	\$48,742,707	\$78,767,918
Accounts Payable	\$0	\$0	\$0
Income Taxes Payable	\$1,074,418	\$641,434	\$672,408
Sales Taxes Payable	\$1,444,310	\$879,664	\$921,200
Short-Term Debt	\$158,821	\$58,410	\$49,008
Prepaid Revenue			
Total Current Liabilities	\$2,677,549	\$1,579,508	\$1,642,616
Long-Term Debt	\$405,576	\$347,166	\$298,158
Total Liabilities	\$3,083,125	\$1,926,674	\$1,940,774
Paid-in Capital	\$2,100,000	\$2,100,000	\$2,100,000
Retained Earnings	\$0	\$16,089,329	\$44,716,033
Earnings	\$16,089,329	\$28,626,704	\$30,011,111
Total Owner's Equity	\$18,189,329	\$46,816,033	\$76,827,144
Total Liabilities & Equity	\$21,272,454	\$48,742,707	\$78,767,918

CONFIDENTIAL - DO NOT DISSEMINATE. This business plan contains confidential, trade-secret information and is shared only with the understanding that you will not share its contents or ideas with third parties without the express written consent of the

Projected Cash Flow Statement

	2017	2018	2019
Net Cash Flow from Operations			
Net Profit	\$16,089,329	\$28,626,704	\$30,011,111
Depreciation and Amortization	\$14,552	\$14,552	\$14,552
Change in Accounts Receivable	\$0	\$0	\$0
Change in Inventory	(\$21,083)	\$0	\$0
Change in Accounts Payable	\$0	\$0	\$0
Change in Income Tax Payable	\$1,074,418	(\$432,984)	\$30,974
Change in Sales Tax Payable	\$1,444,310	(\$564,646)	\$41,536
Change in Prepaid Revenue			
Net Cash Flow from Operations	\$18,601,526	\$27,643,626	\$30,098,173
Investing & Financing			
Assets Purchased or Sold	(\$813,563)		
Investments Received	\$2,100,000		
Change in Long-Term Debt	\$405,576	(\$58,410)	(\$49,008)
Change in Short-Term Debt	\$158,821	(\$100,411)	(\$9,402)
Dividends & Distributions			
Net Cash Flow from Investing & Financing	\$1,850,834	(\$158,821)	(\$58,410)
Cash at Beginning of Period	\$0	\$20,452,360	\$47,937,165
Net Change in Cash	\$20,452,360	\$27,484,805	\$30,039,763
Cash at End of Period	\$20,452,360	\$47,937,165	\$77,976,928

Net Profit by Year



A-2 References

Weekly Report. (2016, November 11). Retrieved November 12, 2016, from <https://www.cannabisbenchmarks.com/weekly-report.html>

California Special Report. (2016, November 11). Retrieved November 12, 2016, from https://www.cannabisbenchmarks.com/download_californiaspecial.html

Cal Vet. Snapshot of California Veterans. Retrieved November 12, 2016, from California Department of Veterans Affairs, <https://www.calvet.ca.gov/VetServices/Documents/Demographics.pdf>

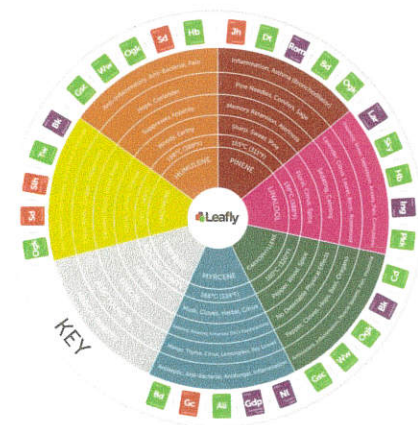
Cannabis: The Facts

A compilation of modern articles from around the nation.

What are Cannabis Terpenes?

Mankind has been infatuated with terpenes for literally thousands of years, enjoying the aromas and flavors in beer, candy, perfumes, fruits, incense, and much more. In addition to the smells and tastes, we have continuously benefited from the diverse array of the medicinal and nutritional aspects found in terpenes. Terpenes likely make up the single largest family of chemical compounds available, from across the planet, to herbalists and apothecaries alike for use in compounding remedies and medicine.

<http://blog.sfgate.com/smellthetruth/2014/05/23/what-are-cannabis-terpenes/>



ANALGESIC	CBD, CBG, CBGA, DB-THC, DB-THC, THCA-CA, THCA, CBDA, Linalool, Myrcene	Relieves pain
ANORECTIC	THCV	Weight loss
ANTIBACTERIAL	CBD, CBGA, CBG	Slows bacteria growth
ANTI-DIABETIC	CBD	Reduces blood sugar levels
ANTIDEPRESSANT	Limonene	Relieves symptoms of depression
ANTI-EMETIC	DB-THC, CBD	Reduces vomiting and nausea
ANTI-EPILEPTIC	THCV, CBD, Linalool	Reduce seizures and convulsions
ANTI-FUNGAL	CBGA, Terpinolene, Linalool	Treats fungal infection
ANTI-INFLAMMATORY	CBDA, CBD, CBGA, CBG, Alpha-Pinene, Myrcene, Beta-Caryophyllene	Reduces inflammation
ANTI-INSOMNIA	THCA, CBG	Aids sleep
ANTI-ISCHEMIC	CBD	Reduces risk of artery blockage
ANTI-PROLIFERATIVE	THCA, CBDA, CBD, CBG, CBG, Linalool	Inhibits cancer cell growth
ANTIPSORIATIC	CBD	Treats psoriasis
ANTIPSYCHOTIC	CBD, Linalool, Myrcene	Tranquilizing
ANTISPASMODIC	THCA, DB-THC, CBD, Myrcene	Suppresses muscle spasms
ANXIOLYTIC	CBD, Linalool, Linalool	Relieves anxiety
APPETITE STIMULANT	DB-THC	Stimulates appetite
BONE STIMULANT	THCV, CBD, CBG, CBG	Promotes bone growth
GASTRO-OESOPHAGEAL REFLUX	Limonene	Reduces acid reflux
IMMUNOSTIMULANT	Limonene	Stimulates the immune system
IMMUNOSUPPRESSIVE	CBD	Reduces function in the immune system
INTESTINAL ANTI-PROKINETIC	CBD	Reduces small intestine contractions
NEUROPROTECTIVE	CBD	Retards nervous system degeneration
VASORELAXANT	CBD	Reduces vascular tension

DISCLAIMER: The information on this poster is not intended to replace a one-on-one relationship with a qualified health care professional and is not intended as medical advice. Please consult a medical health care professional before making any decisions regarding your use of medical cannabis.

Copyright © 2011 Halent Laboratories

Table of Contents

~~~

- Jobs and Economy
- Fighting Diseases
- Elderly
- Teens
- Laws: Moving Forward

# Jobs and Economy

Small Agricultural towns have suffered most of the job losses stemming from the economic downturn in the 2008 housing market crash, and the man made drought stemming from the water crisis being used to protect the Delta Smelt.

The Cannabis Industry can provide much needed jobs for a recovering economy. Many different industries will follow the cannabis industry and promote employment opportunities ranging from labor, sales, secretarial, marketing, lab testing, chemicals, agricultural, pesticides, regulatory and much more.

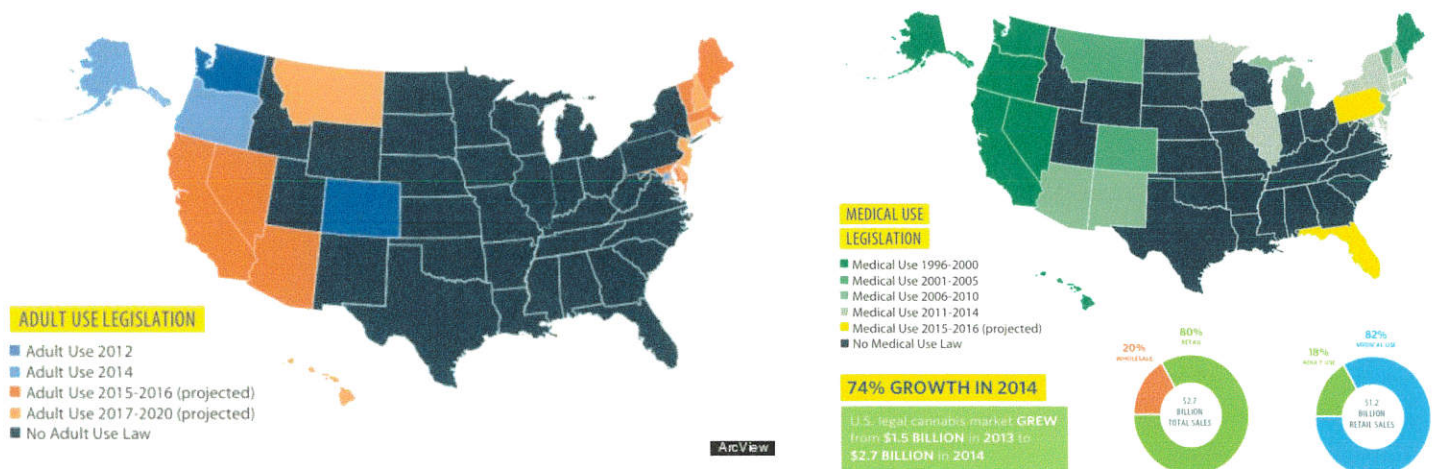
A lot of your tax money is already being collected by the Board of Equalization obtained from the Cannabis Industry. Data collected by the BOE, MuniServices, and HdI Companies shows that in 2014, the 1,623 dispensaries registered with the BOE reported \$570 million in taxable income, which amounted to \$49.5 million in tax due to the state.

Cannabis is being sold right now by individuals that are not paying any taxes to the state, or local agencies, while at the same time creating a local unfunded liability that the City and its citizens are paying for in the form of public services such as police and fire departments responding to issues related to Cannabis being sold on the streets.

By allowing for some common sense regulations cities can have more control over Cannabis usage and at the same time collect much needed funding to make sure that Cannabis does not end up in the hands of your teens and children.

*Legal marijuana is the fastest-growing industry in the United States and if the trend toward legalization spreads to all 50 states, marijuana could become larger than the organic food industry, according to a new report obtained by The Huffington Post.*

[http://www.huffingtonpost.com/2015/01/26/marijuana-industry-fastest-growing\\_n\\_6540166.html](http://www.huffingtonpost.com/2015/01/26/marijuana-industry-fastest-growing_n_6540166.html)





## What is the California State Board of Equalization (BOE) policy regarding sales of medical marijuana?

The sale of medical marijuana has always been considered taxable. However, prior to October 2005, the BOE did not issue seller's permits to sellers of property that could be considered illegal. A policy change was issued in October 2005 and the Board directed BOE staff to issue seller's permits regardless of the fact that the property being sold may be illegal, or because the applicant for the permit did not indicate what products it sold.



## What new policy changes taking effect in 2016 pertain to the BOE and medical marijuana?

Assembly Bill 266 (effective Jan. 1, 2016) enacts the Medical Marijuana Regulation and Safety Act, which establishes comprehensive statewide licensure and regulations for commercial medical cannabis activity that protects patients, promotes public safety, and preserves the environment while maintaining respect for local control. The Bureau of Medical Marijuana Regulation (Bureau) is responsible for administering the Medical Marijuana Regulation and Safety Act. Read the [Bureau's FAQs \(http://www.dca.ca.gov/marijuanafags.shtml\)](http://www.dca.ca.gov/marijuanafags.shtml). Assembly Bill 266 also requires the BOE, in consultation with the California Department of Food and Agriculture, to adopt a system for reporting the movement of commercial cannabis and cannabis products throughout the distribution chain.

Assembly Bill 243 and Senate Bill 643 (effective Jan. 1 2016) provide additional framework for the Medical Marijuana Regulation and Safety Act. Read the [full bills and the BOE's legislative analyses \(#Resources\)](#) for more information.

## How many dispensaries are there in California?

Data collected by the BOE, MuniServices, and Hdl Companies shows that 1,623 dispensaries had accounts to file taxes in filing year 2014.

## How much sales tax does the BOE collect from medical marijuana businesses?

Data collected by the BOE, MuniServices, and Hdl Companies shows that in 2014, the 1,623 dispensaries registered with the BOE reported \$570 million in taxable income, which amounted to \$49.5 million in tax due to the state.

## Where does the sales tax levied on marijuana sellers go?

The sales tax for medical marijuana revenue goes to the state's General Fund as well as cities, counties, and other local jurisdictions where the sale was made.

## Are these tax revenues tied to any specific programs in the state budget?

No. The tax from the sale of medical marijuana is treated the same as the tax received from the sale of all tangible personal property.





what

where

Cannabis

Find Jobs

Advanced Job Search

job title, keywords or company

Tip: Enter your city or zip code in the "where" box to show results in your area.

## Cannabis jobs

Sort by: **relevance** - date

## Salary Estimate

\$25,000+ (1143)  
 \$30,000+ (780)  
 \$35,000+ (467)  
 \$40,000+ (386)  
 \$50,000+ (240)

## Job Type

Full-time (1090)  
 Part-time (128)  
 Contract (52)  
 Commission (36)  
 Internship (19)  
 Temporary (9)

## Location

Denver, CO (89)  
 Seattle, WA (33)  
 Los Angeles, CA (26)  
 Oakland, CA (20)  
 Lawrenceville, GA (17)  
[more »](#)

## Company

Prince Telecom (86)  
 Communication Construction Gr  
 UtiliQuest (38)  
 Acadia Healthcare (36)  
 Ansco and Associates (35)  
[more »](#)

## Experience Level

Entry Level (591)  
 Senior Level (170)  
 Mid Level (158)

Upload your resume - Let employers find you

Jobs 1 to 10 of 1,237

Get new jobs for this search by email

My email:

☒ Also get an email with jobs recommended just for me

Activate

You can cancel email alerts at any time.

**Multiple Positions- Cannabis/MMJ**

Magenta Elixir - Los Angeles, CA

Knowledge of various cannabis products and brand knowledge. We will not review applications without resumes and a brief paragraph giving us a little flavor of...

Easily apply

30+ days ago - email

Sponsored

**Regional Sales Associate**

Bloom Farms - Santa Cruz, CA

We are a medical Cannabis startup based out of Oakland. The candidate for this position does not need to have prior experience in cannabis but a background in...

Easily apply

12 days ago - email

Sponsored

**Project Coordinator**

Native Roots - 3 reviews - Denver, CO

Native Roots is the largest and fastest growing cannabis company in Colorado. With 17 stores and many, many more on horizon, we are always on the lookout for...

Easily apply

10 days ago - email

Sponsored

**Grow Assistant**

The Clinic - Denver, CO

The Clinic Colorado is currently hiring for an Grow Assistant to join the fast growing team! The Grow Assistant will assist the Grow team with the activities

Easily apply

2 days ago - save job - email - more...

**Marketing Manager: Copy & Creative**

Marijuana Business Daily - Denver, CO

500-listed company for 2016 and the most established producer of national trade shows and business data reports for America's \$4.3 billion legal cannabis...

Easily apply

3 days ago - save job - email - more...

**Warehouse Workers Wanted... GROWERS Needed!**

The Hydroponic Connection - San Francisco, CA 94124 (Bayview area)

\$14 an hour

The Hydroponic Connection SF and Berkeley is now Hiring! We are looking for reliable individuals to join our quickly growing team. We have full time and part

Easily apply

4 days ago - save job - email - more...

**Pr & Social Media Intern**

Cannabistry Labs - Niles, IL

\$14 an hour

We are a fast paced cannabis industry Start-up Company focusing on Cannabis infused products. Are you looking for real world experience in a new and exciting...

Easily apply

5 days ago - save job - email - more...

**Part-time Assistant**

Arcana - Denver, CO 80205 (Northern Denver area)

Experience in the cannabis industry is not needed, however candidates should be comfortable working in the cannabis space....

Easily apply

5 days ago - [save job](#) - [email](#) - [more...](#)**Budtender Wanted**

Herbal Pain Relief Center - Mission Hills, CA 91345

Seeking Professional, Trustworthy, Reliable Patient Consultant \\*\\*\\*Please Read Completely Before Emailing Your Info\\*\\*\\* We are currently seeking highly

Easily apply

10 days ago - [save job](#) - [email](#) - [more...](#)**Kitchen Assistant**

Sweet Grass Kitchen - Denver, CO

Knowledge of the cannabis industry and/or cannabis infused foods is not required.

Culinary knowledge is preferred above knowledge of cannabis....

Easily apply

4 days ago - [save job](#) - [email](#) - [more...](#) ★★★★★**Cosmetology Receptionist/Dispensary Clerk**

Davis Applied Technology College -

6 reviews - Kaysville, UT 84037

\$11.26 an hour

Responsible for all reception duties including scheduling appointments, customer service and retail sales. Supports the program instructors in classroom

10 hours ago - [save job](#) - [email](#) - [more...](#)**Naturopathic Medicine NMD/ND, MD, or DO**

Dr Reeferralz Tucson - Tucson, AZ 85719 (North University area)

If you are looking to help patients and recommend cannabis as an alternative to prescriptions this a great opportunity for you....

★★★★★

Easily apply

2 days ago - [save job](#) - [email](#) - [more...](#)**Administrative Assistant**

Prince Telecom -

141 reviews - Sumner, WA 98390

\$13 an hour

Transportation or giving away of up to 28.5 grams of marijuana, other than concentrated cannabis, or the offering to transport or give away up to 28.5 grams of...

10 days ago - [save job](#) - [email](#) - [more...](#)**Investment Sales Pro Super Hot Sector!**

CanIDeal, LLC - Marina del Rey, CA

Super Hot Cannabis Sector. Gold and Silver, Precious metals, oil and gas, private placement, investment closers this is the right deal at the right time to make...

Easily apply ★★★★★

11 days ago - [email](#)

Sponsored

**Cultivation Support**

Native Roots -

3 reviews - Denver, CO

However, we are willing to train anyone that has a passion for cannabis is willing to

learn and internalize our way of doing things....

Easily apply

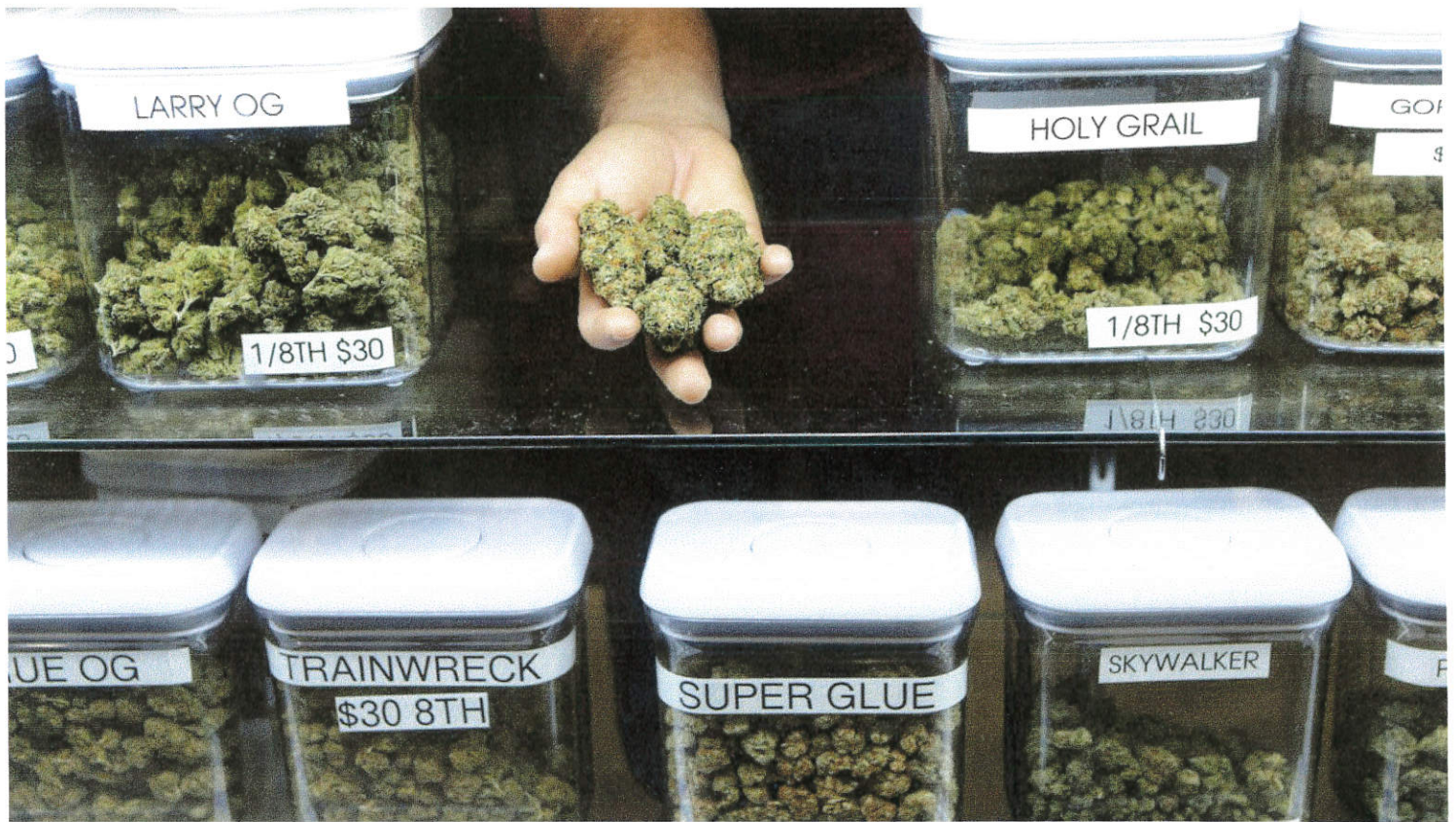
30+ days ago - [email](#)

Sponsored

<http://www.indeed.com/q-Cannabis-jobs.html>



# This California desert town is experiencing a marijuana boom



By **Paloma Esquivel** . Contact Reporter

MAY 10, 2016, 3:00 AM | DESERT HOT SPRINGS, CALIF.

**C**arlos Bravo, the owner of a tow company here, was at work late last year when a real estate agent came to him offering half a million dollars for 5 acres of undeveloped, brush-pocked desert — five times what he'd paid for the land six months earlier.

"I thought he was joking," Bravo said.

The man came back the next day, making it clear he was not.

A few days after he had signed the paperwork, Bravo said, another man offered him \$1 million.

As the first city in Southern California to legalize large-scale medical marijuana cultivation, Desert Hot Springs has been inundated by marijuana growers and developers. They are buying up dusty desert land — some with



no utilities or roads — in hopes of cashing in as California's marijuana growers come into the open under new state regulations.

"It's pretty chaotic," said Coachella Valley real estate broker Marc Robinson. "I'm getting tons of calls from all over the world, all over the United States. My newest clients flew over from Germany."

[See the most-read stories this hour >>](#)

Despite a sizable need for new infrastructure to support the indoor growing projects, the rush has officials in this downtrodden town dreaming of new income.

"I can only imagine what we can do with the tax revenue," Mayor Scott Matas said. "We're in need of parks, our roads are dilapidated. All around — our sidewalks, curbs, gutters."

The city is pushing hard to help developers get their projects up and running as it increasingly faces competition from a number of desert cities also eager to bring growers to town.

::

Desert Hot Springs' foray into marijuana stemmed from financial need, officials said.

The city has long tried to position itself as a Coachella Valley tourist destination alongside its resort-town neighbors south of Interstate 10, but it's never managed to attract the same level of development. Median household income here is \$33,500 — far below the state median.

The town's destinations simply aren't enough "for it to become a vibrant and viable city instead of just a dusty little town north of the I-10," said Heather Coladonato, president of the Desert Hot Springs Chamber of Commerce, which is working closely with growers.

In 2014, after the city declared a fiscal emergency, the council voted to legalize dispensaries and cultivation. Zones where growing was permitted were established, including on a stretch of barren desert dotted with a couple of churches and auto repair shops.

Since the ordinance passed, officials have approved applications for at least 11 businesses with plans for more than 1.7 million square feet of cultivation operations.

Each year, the city will tax growers \$25 per square foot of cultivation space for the first 3,000 square feet and \$10 per square foot after that. At least eight other projects are in the approval process.

Police Chief Dale Mondary said he had strong reservations about the city's move toward cultivation.

**FULL COVERAGE: Marijuana regulation in California**



"Just from a law enforcement standpoint, obviously we're philosophically opposed," he said. "I took the stance: 'I can either pout about it or get on board and at least have my voice heard.'"

The businesses have agreed to hire 24-hour armed security guards and install cameras that police can access remotely, Mondary said. They're also planting what he called "hostile landscaping" — cactus and other plants that could be difficult for intruders to pass.

No cultivators are up and running yet, though a small number could be growing by this summer, officials said.

Growers, many of whom have been quietly practicing their trade in garages and other underground spaces for years, are eager to "come out of the shadows," said Jason Elsasser, who is planning a 2-acre project in town.

The rush to set up shop in cities that permit cultivation was pushed forward by state legislation signed into law late last year. Growers will be able to apply for state licenses by 2018, but they will have to show they have local licensing before they can get a state permit, said Steve Lyle, a spokesman for the California Department of Food and Agriculture.

The crush of developers in Desert Hot Springs led to a tripling of land prices in the area, real estate brokers said.

But there are signs that the projects — which require intensive lighting and air conditioning — could face long infrastructure delays. In recent weeks, owners learned it could take years just to get sufficient electricity to some of the businesses.

Southern California Edison spokesman Robert Laffoon-Villegas said the utility expects that some growers' power needs could be so large that "it would be like adding a small city to the system."

"In order to do that safely it does require significant study ... and it may require significant infrastructure," he said.

Meda Thompson, a real estate broker who advertises on fliers decorated with marijuana leaves, said the issue has caused some properties to fall out of escrow.

To help address the concerns, the city manager is now preparing to hire a project manager who would oversee infrastructure issues for growers.

In the meantime, the city is facing increasing competition.

In nearby Cathedral City, officials recently began accepting applications from growers and dispensaries. So far, they have received about 20, said Community Development Director Pat Milos.

In San Bernardino County, Adelanto began accepting applications from growers late last year.

# Fighting Diseases

Cannabis has been used for hundreds of years to fight diseases and take people's pain away. This can be used as an alternative/holistic approach to medication in lieu of Western medicine.

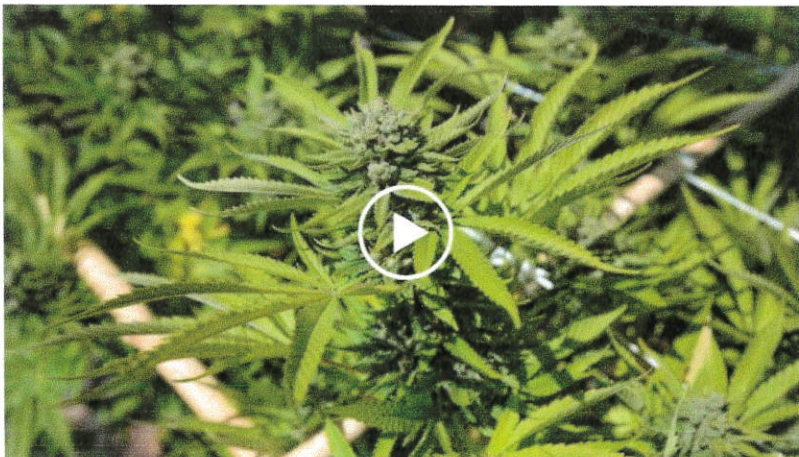
*There's nothing new about cannabis, of course. It's been around humankind pretty much forever. In Siberia charred seeds have been found inside burial mounds dating back to 3000 B.C. The Chinese were using cannabis as a medicine thousands of years ago. Marijuana is deeply American too—as American as George Washington, who grew hemp at Mount Vernon. For most of the country's history, cannabis was legal, commonly found in tinctures and extracts.*

<http://www.nationalgeographic.com/magazine/2015/06/marijuana-science-drug-research-legality/>

## Why I changed my mind on weed

By Dr. Sanjay Gupta, CNN Chief Medical Correspondent

Updated 8:44 PM ET, Thu August 8, 2013



Dr. Sanjay Gupta: I've tried marijuana 03:27

### Top stories



2016 is the deadliest year for Chicago in 2 decades



Paper breaks GOP endorsement streak



I apologize because I didn't look hard enough, until now. I didn't look far enough. I didn't review papers from smaller labs in other countries doing some remarkable research, and I was too dismissive of the loud chorus of legitimate patients whose symptoms improved on cannabis. Instead, I lumped them with the high-visibility malingerers, just looking to get high. I mistakenly believed the Drug Enforcement Agency listed marijuana as a schedule 1 substance because of sound scientific proof. Surely, they must have quality reasoning as to why marijuana is in the category of the most dangerous drugs that have "no accepted medicinal use and a high potential for abuse."

They didn't have the science to support that claim, and I now know that when it comes to marijuana neither of those things are true. It doesn't have a high potential for abuse, and there are very legitimate medical applications. In fact, sometimes marijuana is the only thing that works. Take the case of Charlotte Figi, who I met in Colorado. She started having seizures soon after birth. By age 3, she was having 300 a week, despite being on seven different medications. Medical marijuana has calmed her brain, limiting her seizures to 2 or 3 per month.

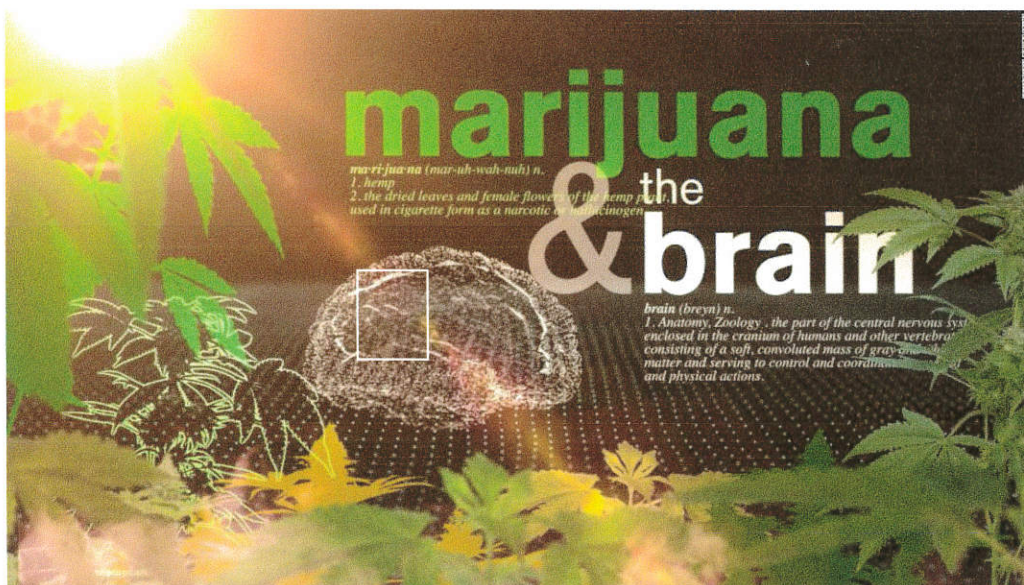
Taken from article: <http://www.cnn.com/2013/08/08/health/gupta-changed-mind-marijuana/>



# 10 diseases where medical marijuana could have impact

By Jen Christensen, CNN

Updated 12:11 PM ET, Thu April 16, 2015



## Story highlights

Government requires several layers of approval before researchers can study marijuana

Nearly half the states allow medical marijuana, but little is known about its long-term impact

*Dr. Sanjay Gupta puts medical marijuana under the microscope again with ["WEED 3: The Marijuana Revolution"](#) at 9 p.m. ET Sunday on CNN.*

**(CNN)** — [Dr. Sue Sisley](#) noticed an

unexpected trend among her patients.

The psychiatrist works with [veterans who struggle with post-traumatic stress disorder](#), also known as [PTSD](#). Many don't like how they feel on all the meds they take to manage their anxiety, sleeplessness, depression and the flashbacks.

"There's just a few medications on the market that work, and even these can be inadequate," Sisley said. "They end up getting stuck on eight, 10, 12 different

medications, and after taking so many, suddenly [they're like zombies](#)."

Some of these patients though were starting to feel better. They also seemed much more present. She wanted to know what was making a difference. They told her they found an alternative to all those medicines.

They were self-medicating with marijuana.

"I was really stunned and more and more patients were coming out of the shadows and disclosing to me that they were having some useful experiences with the marijuana plant," Sisley said.

#### [Dr. Sanjay Gupta: It's time for a medical marijuana revolution](#)

She appreciated the progress they said they were making, but like any good scientist she didn't want to rely on anecdotal evidence. She wanted documented proof, clinical trials of large patient populations that run in the [gold standard of a peer-reviewed journal](#) that marijuana was the right approach to treating PTSD, or any other ailment for that matter. People use it to treat a variety of medical issues, such as multiple sclerosis, arthritis, epilepsy, glaucoma, HIV, chronic pain, Alzheimer's, cancer and others.

With medical marijuana legal in nearly half of the states, more doctors are wondering what impact this drug really has on people. They ask for dosage information. They want to know about its long-term impact on patients.

#### [It's 2015: Is weed legal in your state?](#)

Sisley looked for answers to these questions in medical research, but she didn't see much. When she decided to do the studies herself and applied for federal approval, she was met with miles of red tape and resistance -- like many other researchers before her.

That's because marijuana is one of the tightest-controlled substances under federal law. The U.S. government considers it a [Schedule I drug, meaning the Drug Enforcement Administration](#) considers it to have no medical value. It's right up there with heroin and LSD. To do research on marijuana, scientists need approval from several federal departments. And that approval is rare.

Most marijuana studies focus on the harm caused by the plant. The studies on its medicinal qualities are small, early stage or observational at best.

"Mainstream physicians won't come near the stuff, even if they hear that it works, because without the research, without it approved in legitimate practice guidelines, they are going to worry about their license and their professionalism," Sisley said. "That's why it is key to have randomized control



trials for this to work."

## Medical marijuana stalls after Arizona researcher let go

A bipartisan bill -- from Rand Paul, R-Kentucky, Cory Booker, D-New Jersey, and Kirsten Gillibrand, D-New York -- called the Compassionate Access, Research Expansion, and Respect States Act of 2015 was [introduced in the Senate in March](#) that would ease some of those restrictions and make it easier to study the drug. But the legislation is in committee at the moment. If it does ever pass, and scientists can begin studying the drug in earnest, there are several areas they may target in addition to PTSD.

Here are 10 of them, based on the ailments people commonly use medical marijuana to treat. Again, because there is such limited research on this topic, these areas are based on results that CNN would typically not report on because the work is in a far too early stage to see if it really works. But that is the point some doctors and medical researchers are making.

### AIDS/HIV

In a [human study of 10](#) HIV-positive marijuana smokers, scientists found people who smoked marijuana ate better, slept better and experienced a better mood. Another small study of 50 people found patients that smoked cannabis saw less [neuropathic pain](#).

### Alzheimer's

Medical marijuana and some of the plant's chemicals have been used to help Alzheimer's patients gain weight, and research found that it lessens some of the agitated behavior that [patients can exhibit](#). In [one cell study](#), researchers found it [slowed the progress](#) of protein deposits in the brain. Scientists think these proteins may be part of what causes Alzheimer's, although no one knows what causes the disease.

### Arthritis

A [study of 58 patients](#) using the derivatives of marijuana found they had less arthritis pain and slept better. [Another review of studies](#) concluded marijuana may help fight pain-causing inflammation.

### Asthma

Studies are contradictory, but some early work suggests it reduced exercise-induced [asthma](#). Other cell studies showed smoking marijuana could dilate human airways, but some patients experienced a tight feeling in their chests

and throats. [A study in mice](#) found similar results.

## Cancer

[Animal studies](#) have shown some marijuana extracts may kill certain cancer cells. [Other cell studies](#) show it may stop cancer growth, [and with mice](#), THC, the psychoactive ingredient in marijuana, improved the impact of radiation on cancer cells. Marijuana can also prevent the nausea that often accompanies chemotherapy treatment used to treat cancer.

## Chronic pain

Some animal and small human studies show that cannabinoids can have a ["substantial analgesic effect."](#) People widely used them for pain relief in the 1800s. Some medicines based on cannabis such as Sativex are being tested on multiple sclerosis patients and used to treat cancer pain. The drug has been approved in Canada and in some European countries. In another trial involving [56 human patients](#), scientists saw a 30% reduction in pain in those who smoked marijuana.

## Crohn's disease

In [a small pilot study](#) of 13 patients watched over three months, researchers found inhaled cannabis did improve life for people suffering from [ulcerative colitis](#) and [Crohn's disease](#). It helped ease people's pain, limited the frequency of diarrhea and helped with weight gain.

## Epilepsy

Medical marijuana extract in early trials at the [NYU Langone Medical Center](#) showed a 50% reduction in the frequency of certain seizures in children and adults in a study of 213 patients recently.

## Glaucoma

Glaucoma is one of the leading causes of blindness. [Scientists have looked](#) at THC's impact on this disease on the optic nerve and found it can lower eye pressure, but it may also lower blood pressure, which could harm the optic nerve due to a reduced blood supply. THC can also help preserve the nerves, [a small study found](#).

## Multiple sclerosis

Using marijuana or some of the chemicals in the plant may help [prevent muscle spasms](#), pain, tremors [and stiffness](#), according to early-stage, [mostly observational studies](#) involving animals, lab tests and a small number of human



# The Elderly and Cannabis

*Senior Citizens and the Elderly are the fastest growing group of people that are using Cannabis to treat diseases and relieve pain. The fastest-growing demographic of U.S. pot users are surprisingly not millennials. That title actually goes to senior citizens. Between 2013 and 2014, the number of American marijuana users at the age of 55 and over have increased from 2.8 million to 4.3 million, CBS News reports.*

<http://blog.sfgate.com/smellthetruth/2016/05/20/seniors-are-the-fastest-growing-group-of-marijuana-users-in-the-u-s/>



Seniors seeking medical marijuana. CBS NEWS

Can it really be true that so many older people nowadays will "Just Say Yes"? Yes to using marijuana, that is? Our Cover Story is reported by Barry Petersen:

Sue Taylor works hard to stay fit, and stay healthy. This 68-year-old is a regular at the gym, eats kale to keep her cholesterol down, and at home, "homemade" is her motto.

But there's one thing in her healthy lifestyle that may come as a surprise: she includes MARIJUANA in her quest to stay youthful.

She showed Petersen her Gummi Cares: "It has the consistency of a gummi, and I use it for sleep and pain when I need to."

Taylor was a high school principal, preaching the dangers of drugs. But after her son got into the pot business, and as she began to learn more about marijuana, she changed her mind. Now she is a convert -- make that an ADVOCATE -- for aging Americans using marijuana.

She speaks at community meetings, explaining why pot may be good for them.

And she's got statistics on her side. Polling confirms that more and more Americans age 55 and up are using more and more marijuana.

One reason is geography: almost half of Americans live in a place where marijuana is legal for recreational or medical purposes.

<http://www.cbsnews.com/news/seniors-and-marijuana/>

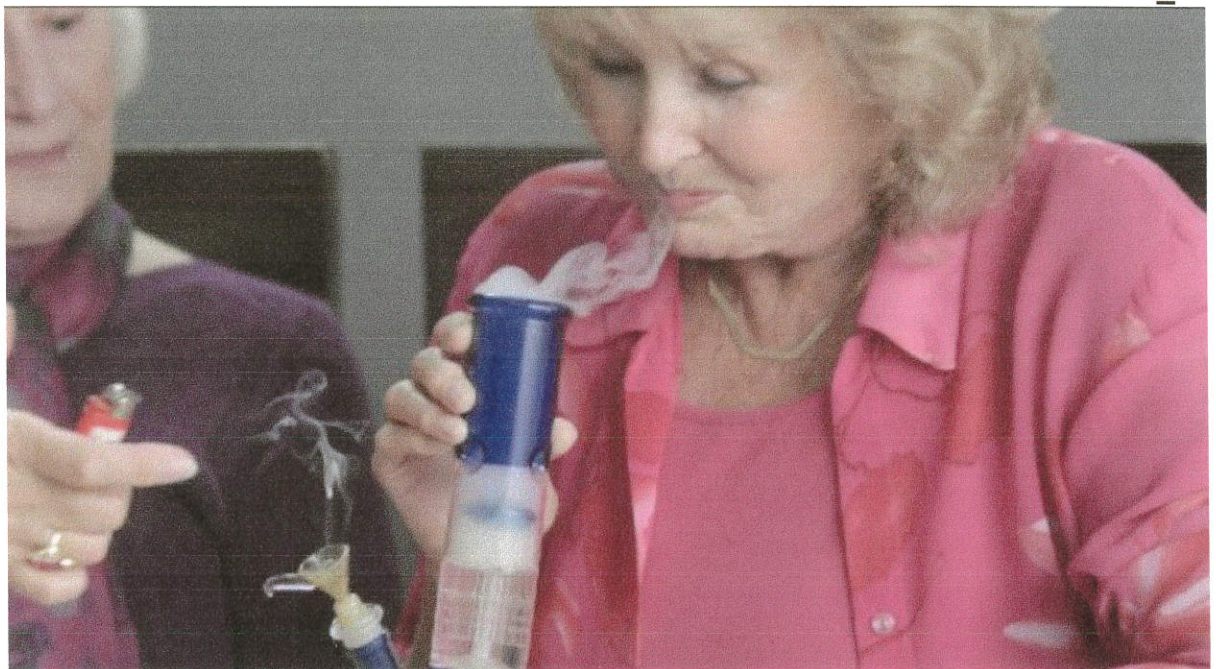


## SMELL THE TRUTH

### BUSINESS

# Seniors are the fastest growing group of marijuana users in the U.S.

By **Oscar Pascual** on May 20, 2016 at 9:58 AM



The fastest-growing demographic of U.S. pot users are surprisingly not millennials.

That title actually goes to senior citizens. Between 2013 and 2014, the number of American marijuana users at the age of 55 and over have increased from 2.8 million to 4.3 million, **CBS News reports**.

Cannabis consumption is up 53 percent among the 55-and-over demographic, most likely as a safer alternative to prescription drugs. While seniors make up only 14 percent of the U.S. population, they use over 30 percent of the nation's prescription drugs.

CBS News took to Oakland's Harborside Health Center, where owner Steve DeAngelo believes that even more seniors should come around on cannabis.



# Teens:

## Legalized Medical Marijuana Doesn't Increase Teen Usage, Study Finds

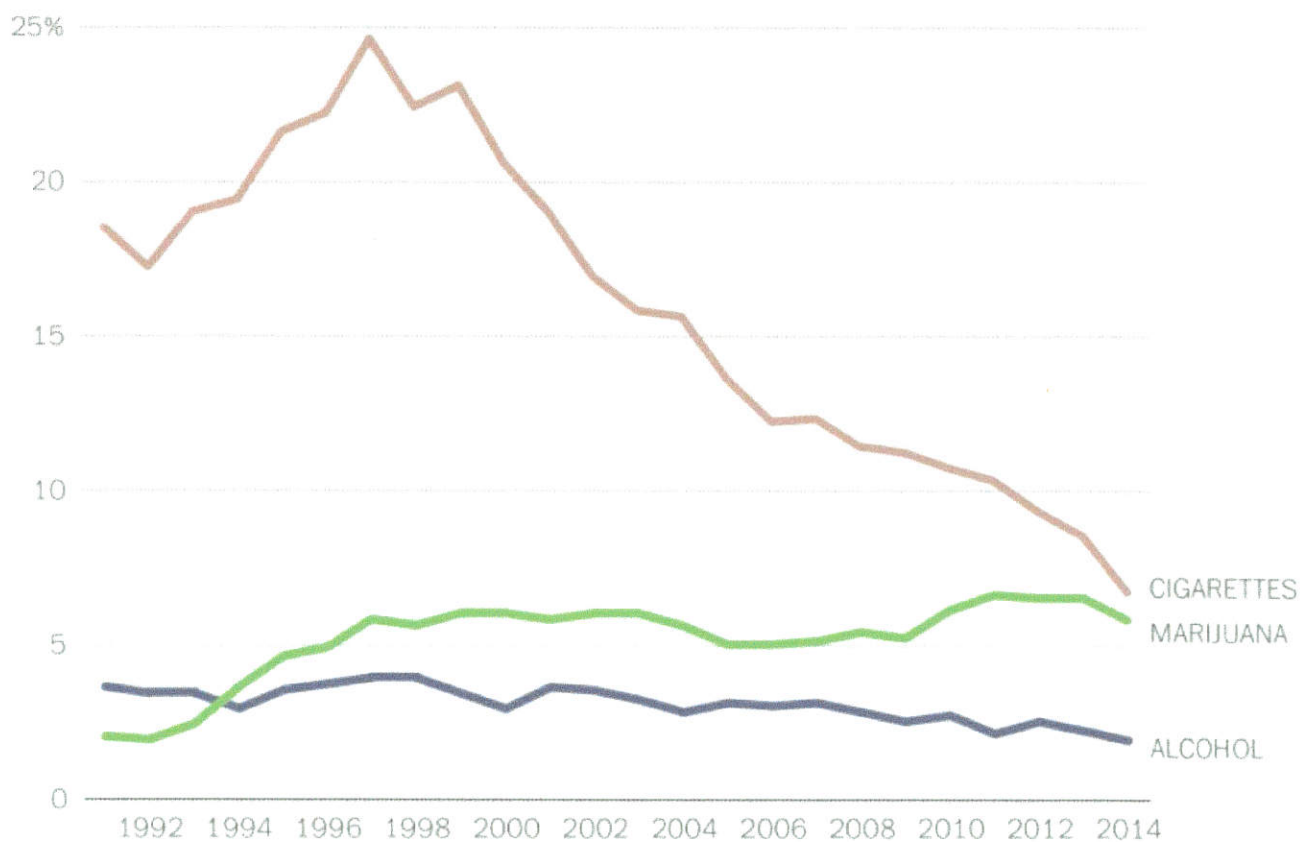
*One of the biggest worries about legalized medical marijuana was that teenagers would smoke more pot, but it turns out those fears were wrong. A study just published in The Lancet Psychiatry showed no significant difference in adolescent marijuana use in the 21 states with medical marijuana laws.*

Forbes.com

<http://www.forbes.com/sites/debraborchardt/2015/06/15/legalized-medical-marijuana-doesnt-increase-teen-usage/#3b54e24a1e13>

## Daily substance use among high school seniors is on the decline.

Percent of 12th-graders reporting daily use of cigarettes, marijuana and alcohol.



NEWS • MARIJUANA • MARIJUANA COLORADO

# Marijuana use remains flat among Colorado teens, survey finds

One in five Colorado teens said they used marijuana in the past month

By **JOHN INGOLD** | [jingold@denverpost.com](mailto:jingold@denverpost.com)

PUBLISHED: June 20, 2016 at 2:14 pm | UPDATED: July 18, 2016 at 5:43 pm

One out of every five Colorado teens say they have used marijuana in the last month, but that rate has not increased since pot was legalized in the state and is in line with the national average, according to a new report from the state Health Department.

Among the other findings of the 2015 [Healthy Kids Colorado Survey](#), released Monday:

The large majority of Colorado middle and high school students — 62 percent — say they have never used marijuana.

Alcohol is the drug of choice among Colorado teens, with 30 percent of kids surveyed saying they drank within the previous month.

Cigarette use among teens is at an all-time low, with fewer than one in 10 kids saying they smoke them regularly. But more than a quarter of Colorado teens say they have used an e-cigarette or other vapor product in the last month.

Nearly 14 percent of Colorado teens said they have used pharmaceuticals without a prescription, below the national average. But the percent of Colorado teens who have ever used cocaine or ecstasy — both at around 6 percent — is slightly higher than the national average.

The marijuana finding is the second time the Healthy Kids Colorado Survey — which is conducted every other year — has found flat pot use among Colorado teens despite the post-legalization boom in marijuana commercialization.

The [2013 version of the survey](#) found that 19.7 percent of teens had used marijuana in the past month. The 2015 version puts that number at 21.2 percent, but Larry Wolk, the executive director of the Colorado Department of Public Health and Environment, said that increase is not statistically significant — meaning it could be a wiggle in the data and not a meaningful increase. In 2009, at the beginning of the state's boom in medical marijuana stores, the rate was 24.8 percent.

n

Wonkblog

# Now we know what happens to teens when you make pot legal

By [Christopher Ingraham](#) June 21

Rates of marijuana use among Colorado's teenagers are essentially unchanged in the years since the state's voters legalized marijuana in 2012, [new survey data](#) from the Colorado Department of Public Health and Environment shows.

In 2015, [21 percent of Colorado youths](#) had used marijuana in the past 30 days. That rate is slightly lower than the national average and down slightly from the 25 percent who used marijuana in 2009, before legalization. The survey was based on a random sample of 17,000 middle and high school students in Colorado.

"The survey shows marijuana use has not increased since legalization, with four of five high school students continuing to say they don't use marijuana, even occasionally," the Colorado health department [said in a news release](#).

The numbers out of Colorado are being closely monitored by policymakers and advocates on both sides of the marijuana legalization divide. Researchers generally agree that marijuana use during adolescence should be strongly discouraged —younger users are [more likely to become dependent](#) on the drug, and teens who use marijuana heavily are [at higher risk](#) of a number of mental and physical health problems later in life.

Opponents have often claimed that marijuana legalization would [lead to more kids smoking pot](#), with all the negative health consequences that would entail. But the scant data available until now hasn't borne this out.



National surveys have shown that teen marijuana use rates are falling across the country. But there haven't been many numbers available specifically for states such as Colorado and Washington where it is legal. Federal data released late last year showed that teen use rates in Colorado and Washington were essentially flat, but they covered only 2014, the first year commercial marijuana was available in those states.

The latest data from Colorado includes 2015, reflecting two full years of the legal marijuana market's effect. These numbers give the strongest indication yet that fears of skyrocketing adolescent use have not materialized.

## Wonkbook newsletter

[Sign up](#)

Your daily policy cheat sheet from Wonkblog.

---

"These statistics clearly debunk the theory that making marijuana legal for adults will result in more teen use," Mason Tvert, director of communications for the Marijuana Policy Project, said in a statement. "Levels of teen use in Colorado have not increased since it ended marijuana prohibition, and they are lower than the national average. Elected officials and voters in states that are considering similar proposals should be wary of claims that it will hurt teens."

Smart Approaches to Marijuana, a group opposing legalization, has pointed out that the most recent federal surveys show that teen marijuana use rates in Colorado are among the highest in the country. But this latest survey, conducted by the state of Colorado, shows that teen use rates in that state are about average. Why the discrepancy?

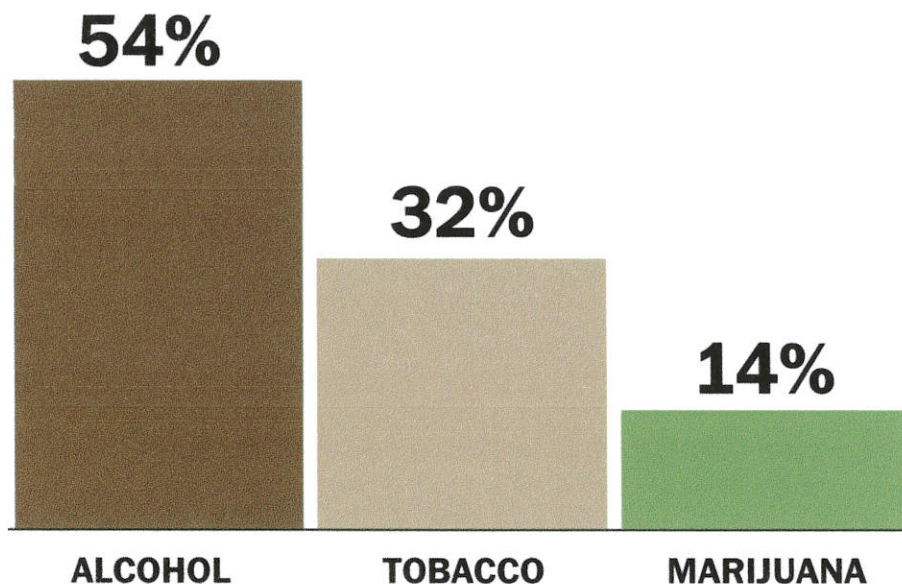
For starters, this latest survey polled a much larger sample of Colorado students, 17,000, than the federal survey, which polls fewer than 400 Colorado teenagers in a given year. That much larger sample could produce a more accurate estimate than the smaller numbers in the federal drug survey.

There's a simple reason why legalization may not be having much of an effect on teen marijuana use — adolescents already report that marijuana is widely available. Nationally, roughly 80 percent of 12th-graders say that pot is easy to get. The kids who want to smoke weed are probably already doing so — and legalization would do little to change that.



# Alcohol: the true gateway drug

First drug of use, among 12th graders who had ever used alcohol, tobacco or marijuana:



WAPO.ST/**WONKBLOG**

Source: Prioritizing Alcohol Prevention: Establishing Alcohol as the Gateway Drug and Linking Age of First Drink With Illicit Drug Use

"Alcohol was the most widely used substance among respondents, initiated earliest, and also the first substance most commonly used in the progression of substance use," the researchers concluded.

It's not clear to what degree, if any, this reflects greater availability of alcohol. Researchers typically see marijuana as in the same general universe of availability as alcohol and tobacco, simply because use of those three are so widespread compared to other substances. In fact 12th graders now are more likely to use marijuana than tobacco, despite one being legal and the other not. Jonathan Caulkins of Carnegie Mellon University [told me last month](#) that perceived availability of marijuana, as measured in the Monitoring the Future studies, has been at a high level for 20 years.

But we're still playing a game of "which drug came first" here. The researchers go on to argue that the question of which drugs kids start with is a lot less important than the question of *how early* they start using. "Overall, early onset substance initiation, whether that is alcohol, tobacco, or other drugs, exerts a powerful influence over future health risk behaviors," they write.

For starters, they found that the earlier kids started using alcohol, the more likely they were to go on to try other drugs. Kids who had their first drink in 6th or 7th grade went on to try an average nearly two illicit substances later. By contrast, kids who waited until 12th grade to drink had only tried an average of 0.4 substances.

They also found that adolescents who drank at a young age went on to use illicit drugs more frequently than than those who waited. They didn't examine marijuana or tobacco similarly, because the numbers of kids

~ ~ ~

# Times are Changing: Moving Forward with New Laws

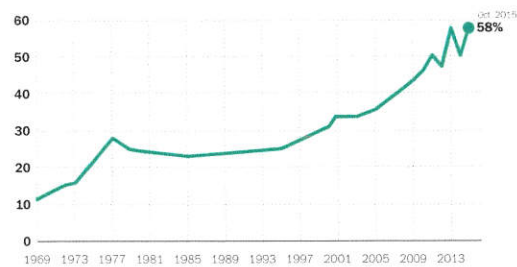
Cannabis Laws are changing Nationwide

Gallup: Support for legal marijuana at an all-time high and likely to grow

By Christopher Ingraham

## Support for legal weed remains high

% of Americans saying the use of marijuana should be made legal



WASH. POST WORKBLOG

Source: Gallup



Most Read

1. Why Fox's apology to Gretchen Carlson is so burning



Source: Barney Wart, professor of geography at the University of Kansas







Subscribe Now →



1.83 M



889 K



424 K



Podcast



Add us on Snapchat

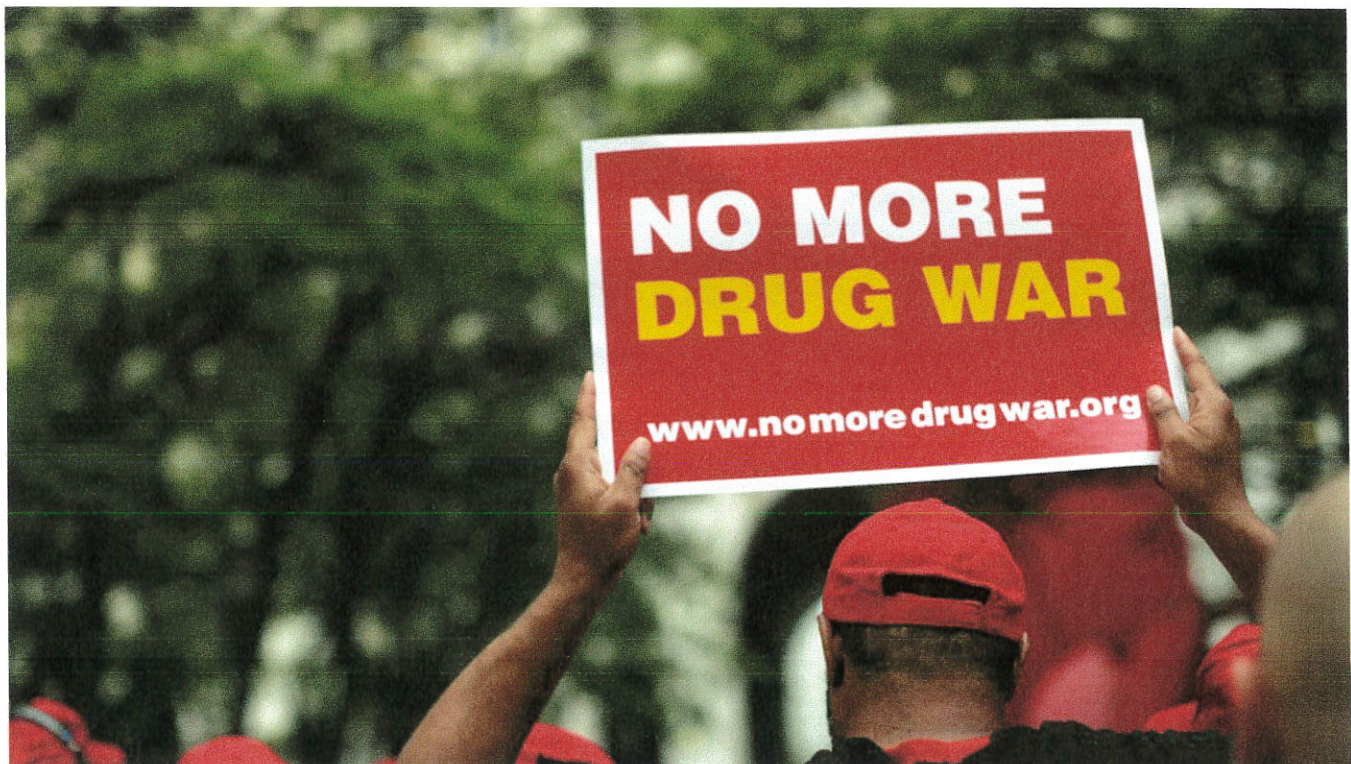
community [warned](#) that the measure would bring “[harmful](#)” [consequences](#).

“Expect more crime, more kids using marijuana and pot for sale everywhere,” Douglas County Sheriff David Weaver [said in 2012](#). “I think our entire state will pay the price.”

Crime rates may not have gone up, but revenue is soaring. Since January, Colorado's dispensaries have sold about [\\$90 million worth of retail cannabis](#). The state has collected about \$35 million in taxes, licenses and fees from both the recreational and medical marijuana markets, according to the Colorado Department of Revenue's [latest tax data](#). Colorado legalized medical marijuana in 2000.

Denver's crime statistics during the first six months of retail marijuana align with a report recently published in the peer-reviewed journal PLOS ONE showing that legalizing medical marijuana [causes no increase in crime](#) and may in fact be accompanied by a decrease in some violent crime, including homicide.

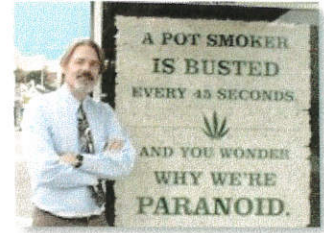
Just Colorado and Washington state permit retail marijuana. To date, 23 states and the District of Columbia have legalized marijuana for medical use, and [about a dozen others](#) are considering legalization in some form in the next few years.







**Dedicated to  
Reforming  
California's  
Marijuana Laws**


[Home](#)

Join California NORML and help us continue our work

**JOIN**

Join our email list

Read about CalNORML's mission, accomplishments and goals

Advertise On Our Website

Add our Link to Your Site

Support the Businesses that Support Reform!

Get Involved!

Search

Search

Ban the Bans:  
Getting Active Locally



GUIDE TO PROP. 64, THE ADULT USE OF MARIJUANA ACT OF 2016 (AUMA)

SUMMARY OF THE MEDICAL CANNABIS REGULATION and SAFETY ACT (MCRSA)

State Bureau of Medical Cannabis Regulation

Navigation

- Frequently Asked Questions
- Preguntas Frecuentes
- Benefits of Legalization
- ▼ Medical Marijuana
  - Collectives/Coops Dispensaries and Delivery Services
  - Find a Doctor
  - ▼ Starting Collectives

## Cal NORML: A SUMMARY OF THE MEDICAL CANNABIS REGULATION and SAFETY ACT (MCRSA)

Posted September 15th, 2015 by canorml\_admin

[f Recommend](#) 49 people recommend this. Be the first of your friends.

[t Tweet](#)

*SB 837 changed the name of the Medical Marijuana Regulation and Safety Act and the Bureau of Medical Marijuana Regulation to the Medical Cannabis Regulation and Safety Act and the Bureau of Medical Cannabis Regulation, and makes other changes.*

Key Government Websites:

[Bureau of Cannabis Regulation](#)

[DPH Office of Medical Cannabis Safety](#)

[CDFA Medical Cannabis Cultivation Program](#)

[North Coast Water Board Cannabis Program](#)

[Central Valley Water Board Cannabis Program](#)



[www.CaNorml.org](http://www.CaNorml.org)

The new Medical Cannabis Regulation and Safety Act consists of three separate bills which were enacted together on Sept 11, 2015. The bill creates a comprehensive state licensing system for the commercial cultivation, manufacture, retail sale, transport, distribution, delivery, and testing of medical cannabis. All licenses must also be approved by local governments.

The law went into effect on January 1, 2016; however, the state has said it will need until January 2018 to set up the necessary agencies, information systems, and regulations to actually begin issuing licenses. In the interim, local governments may choose to adopt new ordinances to permit or license local businesses in preparation for state licensing. Facilities currently operating in accordance with state and local laws may continue to do so until such time as their license applications are approved or denied. In the

meantime, prospective applicants are strongly advised to apply to the state Board of Equalization for a Resale Permit, and to prepare for seeking approval from their local governments.

### Text of Medical Cannabis Regulation Safety Act (three parts):

[AB 266 \(Bonta/Cooley/Jones-Sawyer/Lackey\)](#)

[AB 243 \(Wood\)](#)

[SB 643 \(McGuire\)](#)

### SUMMARY:

**AGENCIES** [AB 266](#) establishes a new Bureau of Medical Cannabis Regulation under the Department of Consumer Affairs. The Bureau is to establish a comprehensive internet system for keeping track of licensees and reporting the movement of commercial cannabis and cannabis products.

[SB 643 & AB 243](#) give the Dept. of Food and Agriculture responsibility for regulating cultivation; the Dept. of Public Health for developing standards for manufacture, testing, and production and labeling of edibles; the Dept of Pesticide Regulation for developing pesticide



- List Your Collective
- CBD Information and Sources
- ▼ Patient's Law Guide
  - Local Growing Guidelines
- Businesses and Organizations
- Patient Population Estimate
- ▼ Legal Information
  - Find a Lawyer
  - CA Marijuana Laws
  - Find Your Legislator
  - Legislative News
- ▼ Health Info
  - Vaporizers
  - ▶ Drug Testing
  - Laboratories - Ring Test Results
  - Student/Youth Usage Studies
  - MJ and Driving
  - Pain Patients
- ▼ Costs of Prohibition
  - Economic Benefits of Legalization
  - CA Prisoner/Arrest Data
  - Federal Medical Marijuana Cases
  - CAMP data
- Historical Info
- ▼ About Us
  - California Chapters
  - CaNORML Store
  - Our Staff
  - Join Our Mailing Lists
  - eMail Us

standards; and the Depts. of Fish and Wildlife and State Water Board for protecting water quality. (Sec. 19332)

**LICENSE TYPES** The following license types are established under AB 266 (19300.7)) and SB 643 (19331(g)):

- (a) Type 1 = Cultivation; Specialty outdoor. Up to 5,000 square ft of canopy, or up to 50 noncontiguous plants
- (b) Type 1A = Cultivation; Specialty indoor. Up to 5000 sq ft
- (c) Type 1B = Cultivation; Specialty mixed-light. Using exclusively artificial lighting.
- (d) Type 2 = Cultivation; Outdoor. Up to 5000 sq ft, using a combination of artificial and natural lighting
- (e) Type 2A = Cultivation; Indoor. 5001 -10,000 sq ft.
- (f) Type 2B = Cultivation; Mixed-light. 5001 -10,000 sq ft
- (g) Type 3 = Cultivation; Outdoor. 10,001 sq ft - 1 Acre
- (h) Type 3A = Cultivation; Indoor.. 10,001 - 22,000 sq ft
- (i) Type 3B = Cultivation; Mixed-light. 10,001 - 22,000 sq ft
- (j) Type 4 = Cultivation; Nursery.
- (k) Type 6 = Manufacturer 1 for products not using volatile solvents.
- (l) Type 7 = Manufacturer 2 for products using volatile solvents.
- (m) Type 8 = Testing
- (n) Type 10 = Dispensary; General
- (o) Type 10A = Dispensary; No more than three retail sites
- (p) Type 11 = Distribution
- (q) Type 12 = Transporter

**CULTIVATION SIZE LIMITATIONS** The maximum allowable size is 1 acre (43,560 sq ft) outdoors (Type 3) or 22,000 sq ft indoors (Type 3A and 3B licenses). The DFA is directed to limit the number of Type 3, 3A and 3B licenses. (AB 243, 19332(g)).

**VERTICAL INTEGRATION** There are complicated restrictions to prevent vertical integration (AB 266, 19328). In general, licensees can only hold licenses in up to two separate categories. Small cultivation licensee Types 1 -2 may hold manufacturing or Type 10A retail licenses (limited to three dispensaries). It appears that Types 3-4 licensees can't apply for manufacturing licenses at all. However, Type 10A licensees can apply for both manufacturing and cultivation licenses, provided their total cultivation area doesn't exceed 4 acres. Also, facilities in jurisdictions that require or permit cultivation, manufacture and distribution to be integrated as of July 1, 2015 may continue to operate that way until Jan 1, 2026.

**DISTRIBUTORS REQUIRED** Type 11 distributors are a new kind of entity that has been created to regulate the flow of products. ALL cultivation and manufacturing licensees are required to send their products to a Type 11 licensee for quality insurance and inspection before passing them to the next stage of manufacturing or retailing. The Type 11 licensee in turn submits the product to a Type 8 laboratory for batch testing and certification. Afterwards, the sample returns to the Type 11 distributor for final inspection and execution of the contract between the cultivator and manufacturer or manufacturer and retailer. The Type 11 distributor charges a fee that covers the testing plus any applicable taxes (the act doesn't impose any new taxes, but anticipates that could happen in the near future) (AB 266, 19326)

Type 11 distributors and Type 8 testing facilities can't hold any other kind of licenses (however, licensees may have their own labs for in-house testing).

**LOCAL PERMITS REQUIRED** No person shall engage in commercial activity without BOTH a state license and a license, permit, or other authorization from their local government. (AB 266, 19320(a); AB 243, 11362.777 (b)).

**LAWFUL ACTS** Actions by licensees that are permitted by both a state license and local government are lawful and protected from arrest, prosecution, or other legal sanctions (AB 266, 19317).

**GRANDFATHERING** Facilities already operating in compliance with local ordinances and other laws on or before Jan 1, 2018 may continue to operate until such time as their license is approved or denied. (AB 266, 19321(c)). Facilities in operation before Jan 1, 2016 shall receive priority. Los Angeles may in any case continue to prosecute violations of Measure D.

**APPLICANT QUALIFICATIONS** (SB 643, 19322): Applicants must provide proof of local approval and evidence of legal right to occupy proposed location. Applicants shall submit fingerprints for DOJ background check. Cultivation licensees must declare selves "agricultural employers" as defined by Alatore-Zenovich-Dunlap-Berman Agricultural Labor Relations Act.

Licensing authority MAY deny application if applicant has been convicted of an offense substantially related to qualifications, including ANY felony controlled substance offense, violent or serious felonies, or felonies involving fraud, deceit or embezzlement, or any sanctions by a local licensing authority in the past 3 years (SB 643, 19323(a)5).

**FOR-PROFIT ENTITIES** are implicitly allowed under the qualifications established above. These were previously "not authorized" under SB 420, but the new licensing provisions