

CITY OF PARLIER

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2021

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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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 43 - 46, the proportionate share of net pension liability on page 48, and the schedule of contributions on page 49 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.

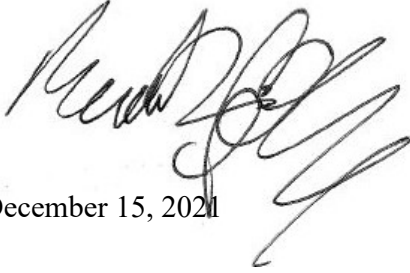
Supplementary Information

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 50 - 67 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the Day Care Center schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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 December 15, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 "Kendall J. [unclear]", written over the date.

December 15, 2021

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF PARLIER

STATEMENT OF NET POSITION JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 8,185,301	\$ 10,345,954	\$ 18,531,255
Accounts receivable	396,259	892,130	1,288,389
Due from other governments	1,921,912	-	1,921,912
Internal balances	(1,874,143)	1,874,143	-
Interest receivable	281	519	800
Notes receivable	14,639,444	-	14,639,444
Related notes receivables	42,173	-	42,173
Capital assets:			
Non-depreciable	4,651,441	4,134,851	8,786,292
Depreciable (net)	10,355,015	3,122,167	13,477,182
Total assets	38,317,683	20,369,764	58,687,447
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	563,582	182,647	746,229
Total deferred outflow of resources	563,582	182,647	746,229
LIABILITIES			
Accounts payable and accrued expenses	893,093	424,768	1,317,861
Accrued interest	-	26,705	26,705
Deposits	2,698	159,521	162,219
Unearned revenue	149,766	-	149,766
Noncurrent liabilities:			
Due within one year:			
Bonds payable	-	98,000	98,000
Capital lease payable	-	41,820	41,820
Compensated absences	63,614	18,676	82,290
Due in more than one year:			
Bonds payable	-	1,120,000	1,120,000
Loan payable	779,473	-	779,473
Capital lease payable	-	138,909	138,909
Net pension liability	1,603,622	565,464	2,169,086
Compensated absences	148,433	43,576	192,009
Total liabilities	3,640,700	2,637,439	6,278,139
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	26,314	18,531	44,845
Total deferred inflows of resources	26,314	18,531	44,845
NET POSITION			
Net investment in capital assets	14,226,983	5,858,289	20,085,272
Restricted for capital improvements	-	9,299,524	9,299,524
Restricted for public works	8,149,732	-	8,149,732
Restricted for day care	25,574	-	25,574
Restricted for community development	195,561	-	195,561
Unrestricted	12,616,401	2,738,628	15,355,029
Total net position	\$ 35,214,251	\$ 17,896,441	\$ 53,110,692

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

CITY OF PARLIER

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expense	Program Revenue			Net Revenue (Expense) and Changes in Net Position		
		Charges for	Operating	Capital	Government	Business-Type	Total
		Services	Grants and	Grants and	Activities	Activities	
			Contributions	Contributions			
Governmental activities:							
General government	\$ 840,014	\$ -	\$ 589,232	\$ -	\$ (250,782)	\$ -	\$ (250,782)
Public safety	2,966,934	220,912	360,386	-	(2,385,636)	-	(2,385,636)
Public works	981,715	-	1,198,738	744,115	961,138	-	961,138
Community development	776,950	24,824	1,318,049	4,899	570,822	-	570,822
Parks and recreation	1,110,812	-	688,413	-	(422,399)	-	(422,399)
Day care	994,447	22,280	-	-	(972,167)	-	(972,167)
Total governmental activities	7,670,872	268,016	4,154,818	749,014	(2,499,024)	-	(2,499,024)
Business-type activities:							
Water	1,745,940	1,622,066	-	-	-	(123,874)	(123,874)
Sewer	1,490,701	2,107,493	-	-	-	616,792	616,792
Disposal	1,293,810	1,344,919	-	-	-	51,109	51,109
Total business-type activities	4,530,451	5,074,478	-	-	-	544,027	544,027
Total primary government	\$ 12,201,323	\$ 5,342,494	\$ 4,154,818	\$ 749,014	(2,499,024)	544,027	(1,954,997)
General revenues:							
Property taxes					1,175,736	-	1,175,736
Motor vehicle taxes					1,822,589	-	1,822,589
Sales taxes					1,466,608	-	1,466,608
Franchise taxes					62,441	-	62,441
Licenses and permits					612,586	86,928	699,514
Interest and rent					56,061	401	56,462
Sale of asset					351,170	-	351,170
Other					20,412	9,058	29,470
Transfers					46,735	(46,735)	-
Total general revenues and transfers					5,614,338	49,652	5,663,990
Changes in net position					3,115,314	593,679	3,708,993
Net position - beginning (restated)					32,098,937	17,302,762	49,401,699
Net position - ending					\$ 35,214,251	\$ 17,896,441	\$ 53,110,692

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, 2021

	General	Housing Grants	Day Care	Local Transportation	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ (4,127)	\$ 66,999	\$ 109,002	\$ 2,742,251	\$ 5,267,049	\$ 8,181,174
Accounts receivable	368,696	27,563	-	-	-	396,259
Due from other governments	564,015	113,585	180,302	90,627	973,383	1,921,912
Interest receivable	-	-	6	117	158	281
Notes receivable, net	194,325	14,445,119	-	-	-	14,639,444
Related party receivables	42,173	-	-	-	-	42,173
Total assets	<u>\$ 1,165,082</u>	<u>\$ 14,653,266</u>	<u>\$ 289,310</u>	<u>\$ 2,832,995</u>	<u>\$ 6,240,590</u>	<u>\$ 25,181,243</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 281,493	\$ 12,586	\$ 113,970	\$ 2,517	\$ 482,527	\$ 893,093
Deposits	2,698	-	-	-	-	2,698
Unearned revenue - reserve	-	-	149,766	-	-	149,766
Due to other funds	1,333,318	-	-	-	536,698	1,870,016
Total liabilities	<u>1,617,509</u>	<u>12,586</u>	<u>263,736</u>	<u>2,517</u>	<u>1,019,225</u>	<u>2,915,573</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred loans	-	14,445,119	-	-	-	14,445,119
Total deferred inflows of resources	<u>-</u>	<u>14,445,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,445,119</u>
FUND BALANCES						
Nonspendable:						
Notes receivable	194,325	-	-	-	-	194,325
Restricted:						
Public Works	-	-	-	2,830,478	5,319,254	8,149,732
Day Care	-	-	25,574	-	-	25,574
Community Development	-	195,561	-	-	-	195,561
Unassigned	(646,752)	-	-	-	(97,889)	(744,641)
Total fund balances	<u>(452,427)</u>	<u>195,561</u>	<u>25,574</u>	<u>2,830,478</u>	<u>5,221,365</u>	<u>7,820,551</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,165,082</u>	<u>\$ 14,653,266</u>	<u>\$ 289,310</u>	<u>\$ 2,832,995</u>	<u>\$ 6,240,590</u>	<u>\$ 25,181,243</u>

CITY OF PARLIER

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION JUNE 30, 2021

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

Total fund balances - governmental funds	\$ 7,820,551
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	15,006,456
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	14,445,119
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(212,047)
Long-term debt are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(779,473)
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>(1,066,355)</u>
Net position of governmental activities	<u>\$ 35,214,251</u>

CITY OF PARLIER

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	General	Housing Grants	Day Care	Local Transportation	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 3,621,802	\$ -	\$ -	\$ -	\$ 601,380	\$ 4,223,182
Intergovernmental	447,437	181,636	944,436	459,287	3,614,174	5,646,970
Charges for services	185,964	1,500	22,280	-	-	209,744
Licenses, permits and impact fees	586,055	-	-	-	31,088	617,143
Fines and forfeitures	28,341	-	-	-	-	28,341
Interest and rent	55,815	-	34	90	160	56,099
Loan repayments	-	33,153	-	-	26,050	59,203
Other	6,241	-	194	-	-	6,435
Total revenues	4,931,655	216,289	966,944	459,377	4,272,852	10,847,117
EXPENDITURES						
Current:						
General government	380,936	-	-	-	-	380,936
Public safety	2,285,692	-	-	-	1,094,601	3,380,293
Public works	48,608	-	-	149,881	672,490	870,979
Community development	447,421	270,024	-	-	24,046	741,491
Parks and recreation	231,225	-	-	-	489,112	720,337
Day care	-	-	994,447	-	-	994,447
Capital outlay	779,473	-	-	-	998,913	1,778,386
Debt service:						
Principal	-	-	-	-	43,606	43,606
Total expenditures	4,173,355	270,024	994,447	149,881	3,322,768	8,910,475
Excess (deficiency) of revenues over (under) expenditures	758,300	(53,735)	(27,503)	309,496	950,084	1,936,642
OTHER FINANCING SOURCES (USES)						
Loan proceeds	779,473	-	-	-	-	779,473
Sale of asset	351,170	-	-	-	-	351,170
Transfers in	441,832	4,305	-	91,006	874,252	1,411,395
Transfers out	-	(110,654)	-	(726,360)	(527,646)	(1,364,660)
Total other financing sources (uses)	1,572,475	(106,349)	-	(635,354)	346,606	1,177,378
Change in fund balances	2,330,775	(160,084)	(27,503)	(325,858)	1,296,690	3,114,020
Fund balances - beginning, restated	(2,783,202)	355,645	53,077	3,156,336	3,924,675	4,706,531
Fund balances - ending	\$ (452,427)	\$ 195,561	\$ 25,574	\$ 2,830,478	\$ 5,221,365	\$ 7,820,551

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, 2021

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

Net change in fund balances - total governmental funds	\$ 3,114,020
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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.	1,778,386
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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.	(429,555)
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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	87,107
Deferred loans	(547,655)
Loan payable	(779,473)
Capital lease payable	43,606
Compensated absences	(11,453)
Net pension liability	<u>(139,669)</u>

Change in net position of governmental activities	<u>\$ 3,115,314</u>
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CITY OF PARLIER

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2021

	Business-Type Activities			
	Water	Sewer	Disposal	Total
ASSETS				
Current assets:				
Cash and investments	\$ 9,643,218	\$ 702,736	\$ -	\$ 10,345,954
Accounts receivable, net	287,234	369,051	235,845	892,130
Due from other funds	2,001,950	-	-	2,001,950
Interest receivable	496	21	2	519
Total current assets	11,932,898	1,071,808	235,847	13,240,553
Noncurrent assets:				
Property, plant and equipment (net of allowance for depreciation)	2,445,045	4,811,973	-	7,257,018
Total noncurrent assets	2,445,045	4,811,973	-	7,257,018
Total assets	14,377,943	5,883,781	235,847	20,497,571
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pensions	74,668	75,824	32,155	182,647
Total deferred outflows of resources	74,668	75,824	32,155	182,647
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	183,947	53,803	187,018	424,768
Accrued interest	-	26,705	-	26,705
Deposits	86,159	73,362	-	159,521
Due to other funds	-	-	127,807	127,807
Bonds payable	-	98,000	-	98,000
Capital lease	-	41,820	-	41,820
Compensated absences	8,762	8,672	1,417	18,851
Total current liabilities	278,868	302,362	316,242	897,472
Noncurrent liabilities:				
Bonds payable	-	1,120,000	-	1,120,000
Capital lease	-	138,909	-	138,909
Compensated absences	20,131	19,793	3,477	43,401
Net pension liability	231,170	234,747	99,547	565,464
Total noncurrent liabilities	251,301	1,513,449	103,024	1,867,774
Total liabilities	530,169	1,815,811	419,266	2,765,246
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pensions	7,575	7,693	3,263	18,531
Total deferred inflows of resources	7,575	7,693	3,263	18,531
NET POSITION				
Net investment in capital assets	2,445,045	3,413,244	-	5,858,289
Restricted for capital improvements	9,299,524	-	-	9,299,524
Unrestricted (deficit)	2,170,298	722,857	(154,527)	2,738,628
Total net position	\$ 13,914,867	\$ 4,136,101	\$ (154,527)	\$ 17,896,441

CITY OF PARLIER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Disposal	Total
Operating revenues:				
Charges for services	\$ 1,621,016	\$ 2,107,493	\$ 1,344,919	\$ 5,073,428
Connection fees	1,050	-	-	1,050
Other revenue	28	4,031	5,000	9,059
Total operating revenues	1,622,094	2,111,524	1,349,919	5,083,537
Operating expenses:				
Contractual services and utilities	938,357	602,956	1,156,061	2,697,374
Personnel	607,754	546,330	130,104	1,284,188
Supplies and materials	63,519	35,980	7,644	107,143
Depreciation	136,425	234,147	-	370,572
Total operating expenses	1,746,055	1,419,413	1,293,809	4,459,277
Operating income (loss)	(123,961)	692,111	56,110	624,260
Nonoperating revenues (expenses):				
Development impact fees	43,567	43,361	-	86,928
Interest income	384	16	1	401
Interest expense	-	(71,485)	-	(71,485)
Total nonoperating revenues (expenses)	43,951	(28,108)	1	15,844
Income (loss) before transfers	(80,010)	664,003	56,111	640,104
Other financing sources (uses):				
Transfers out	-	-	(46,735)	(46,735)
Total other financing sources (uses)	-	-	(46,735)	(46,735)
Change in net position	(80,010)	664,003	9,376	593,369
Net position - beginning	13,994,877	3,472,098	(163,903)	17,303,072
Net position - ending	\$ 13,914,867	\$ 4,136,101	\$ (154,527)	\$ 17,896,441

CITY OF PARLIER

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Disposal	Total
Cash flows from operating activities:				
Cash receipts from customers	\$ 1,568,285	\$ 2,049,667	\$ 1,305,163	\$ 4,923,115
Cash payments to suppliers of goods or services	(878,493)	(623,545)	(1,148,452)	(2,650,490)
Cash payments to employees for services	(595,247)	(534,054)	(124,413)	(1,253,714)
Other revenues	-	-	5,000	5,000
Net cash provided by (used in) operating activities	94,545	892,068	37,298	1,023,911
Cash flows from noncapital financing activities:				
Cash receipts from developers	43,567	43,361	-	86,928
Loans from/(to) other funds	2,485,654	-	9,426	2,495,080
Transfers from other funds	-	-	(46,735)	(46,735)
Net cash provided by (used in) noncapital financing activities	2,529,221	43,361	(37,309)	2,535,273
Cash flows from capital and related financing activities:				
Principal paid on bonds	-	(95,000)	-	(95,000)
Principal paid on lease	-	(39,761)	-	(39,761)
Interest paid on long-term debt	-	(74,694)	-	(74,694)
Acquisition of capital assets	(1,455,565)	(156,721)	-	(1,612,286)
Net cash provided by (used in) capital and related financing activities	(1,455,565)	(366,176)	-	(1,821,741)
Cash flows from investing activities:				
Interest received	2,906	120	11	3,037
Net cash provided by (used in) investing activities	2,906	120	11	3,037
Net increase (decrease) in cash	1,171,107	569,373	-	1,740,480
Cash, beginning of year	8,476,238	133,363	-	8,609,601
Cash, end of year	\$ 9,647,345	\$ 702,736	\$ -	\$ 10,350,081

CITY OF PARLIER

STATEMENT OF CASH FLOWS (continued) PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Disposal	Total
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Operating income (loss)	\$ (123,961)	\$ 692,111	\$ 56,110	\$ 624,260
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	136,425	234,147	-	370,572
(Increase) decrease in:				
Accounts receivable	(50,578)	(61,857)	(39,756)	(152,191)
Deferred outflows of resources for pension	(2,910)	(2,956)	(1,253)	(7,119)
Increase (decrease) in:				
Accounts payable	123,383	15,391	15,253	154,027
Deposits and other liabilities	(3,231)	-	-	(3,231)
Deferred inflows of resources for pension	(8,362)	(8,491)	(3,601)	(20,454)
Net pension liability	24,094	24,466	10,375	58,935
Compensated absences	(315)	(743)	170	(888)
Net cash provided by (used in) operating activities	<u>\$ 94,545</u>	<u>\$ 892,068</u>	<u>\$ 37,298</u>	<u>\$ 1,023,911</u>

CITY OF PARLIER

STATEMENT OF FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUND – SUCCESSOR AGENCY JUNE 30, 2021

ASSETS

Cash and investments	\$ 1,018,728
Cash and investments with fiscal agent	565,704
Notes receivable	12,911
Land held for resale	<u>294,384</u>

Total assets	<u>1,891,727</u>
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LIABILITIES

Interest payable	106,433
Long-term debt due within one year	899,601
Long-term debt due in more than one year	<u>6,613,314</u>

Total liabilities	<u>7,619,348</u>
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NET POSITION

Held in trust for other governments	<u><u>\$ (5,727,621)</u></u>
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CITY OF PARLIER

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUND – SUCCESSOR AGENCY FOR THE YEAR ENDED JUNE 30, 2021

ADDITIONS

Property taxes	\$ 1,184,652
Total additions	<u>1,184,652</u>

DEDUCTIONS

Administrative expenses	124,813
Interest and fiduciary expenses of former redevelopment agency	<u>265,304</u>
Total deductions	<u>390,117</u>

Change in net position	794,535
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Net position - beginning	<u>(6,522,156)</u>
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Net position - ending	<u>\$ (5,727,621)</u>
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NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

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, 2021

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

Local Transportation Fund – This fund is used to account for revenues and expenditures related to local transportation funding thru Fresno Council of Governments.

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.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The City reports the following major enterprise funds:

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

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.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2021, 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.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

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.

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.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

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, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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, 2021

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, 2021

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, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 18,531,255
Fiduciary Funds:	
Cash and investments	1,018,728
Cash and investments with fiscal agent	<u>565,704</u>
Total cash and investments	<u>\$ 20,115,687</u>

Cash and investments as of June 30, 2021 consist of the following:

Cash on hand	\$ 760
Deposits with financial institutions	19,136,638
Local Agency Investment Fund	<u>978,289</u>
Total cash and investments	<u>\$ 20,115,687</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

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, 2021:

	Level 1	Level 2	Level 3	June 30, 2021 Balance
Investments by fair value level:				
Equity Securities:				
LAIF	\$ -	\$ 978,289	\$ -	\$ 978,289
Total Equity Securities	-	978,289	-	978,289
Investments carried at amortized cost:				
Deposits and cash on hand				19,137,398
Total Investments amortized at cost				19,137,398
Total Investments				<u>\$20,115,687</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

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, 2021

NOTE 2 – CASH AND INVESTMENTS (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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, 2021, the City had the following investments:

<u>Investment Type</u>	<u>Maturity Date</u>
Local Agency Investment Fund (LAIF)	\$ 978,289 N/A
Total	\$ 978,289

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, 2021

NOTE 2 – CASH AND INVESTMENTS (Continued)

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Rating as of Year-End Not Rated</u>
Local Agency Investment Fund (LAIF)	\$ 978,289	N/A	\$ 978,289
Total	\$ 978,289		\$ 978,289

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, 2021

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, 2021 consist of the following:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Disposal</u>	<u>Total</u>
Accounts receivable	\$ 525,664	\$ 449,965	\$ 301,881	\$ 1,277,510
Allowance for uncollectibles	<u>(238,430)</u>	<u>(80,914)</u>	<u>(66,036)</u>	<u>(385,380)</u>
Accounts receivable, net	<u>\$ 287,234</u>	<u>\$ 369,051</u>	<u>\$ 235,845</u>	<u>\$ 892,130</u>

	<u>General</u>	<u>Housing Grants</u>	<u>Local Transportation</u>	<u>Day Care</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Accounts receivable	\$ 368,696	\$ 27,563	\$ -	\$ -	\$ -	\$ 396,259
Due from other governments	564,015	113,585	90,627	180,302	973,383	1,921,912
Interest receivable	-	-	117	6	158	281
	<u>\$ 932,711</u>	<u>\$ 141,148</u>	<u>\$ 90,744</u>	<u>\$ 180,308</u>	<u>\$ 973,541</u>	<u>\$ 2,318,452</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

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:

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.	\$ 2,681,404
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.	3,221,566
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.	166,834
Notes receivable from Parlier City employees relating to employee benefit loans. Principal and interest of 3.0% per annum are payable in monthly installments.	42,173
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>27,491</u>
Total notes receivable	<u>\$ 14,681,617</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

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, 2021, 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.

	Due From	Due to
Major Funds:		
Water Fund	\$ 1,997,823	\$ -
General Fund	-	1,333,318
Disposal Fund	-	127,807
Nonmajor Funds:		
Measure Q	-	55,465
Urban Greening	-	8,375
Policing Grants	-	124,716
Streets	-	223,267
Community Development Fund	-	124,875
Total	<u>\$ 1,997,823</u>	<u>\$ 1,997,823</u>

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	\$ 441,832	\$ -
Housing Grants	-	106,349
Local Transportation	-	635,354
Nonmajor funds		
Community Development	265,037	-
Measure C	29,367	-
Great Plates	13,258	-
Streets	38,944	-
Enterprise Funds:		
Disposal	-	46,735
Total	<u>\$ 788,438</u>	<u>\$ 788,438</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 1,727,610	\$ -	\$ -	\$ 1,727,610
Construction in progress	1,469,252	1,778,386	(323,807)	2,923,831
Total capital assets	3,196,862	1,778,386	(323,807)	4,651,441
Capital assets, being depreciated:				
Buildings and improvements	2,463,999	-	-	2,463,999
Infrastructure	9,723,998	323,807	-	10,047,805
Machinery and equipment	1,628,345	-	-	1,628,345
Total capital assets, being depreciated	13,816,342	323,807	-	14,140,149
Less accumulated depreciation for:				
Buildings and improvements	(1,347,363)	(66,535)	-	(1,413,898)
Infrastructure	(735,347)	(257,237)	-	(992,584)
Machinery and equipment	(1,272,869)	(105,783)	-	(1,378,652)
Total accumulated depreciation	(3,355,579)	(429,555)	-	(3,785,134)
Total capital assets, being depreciated, net	10,460,763	(105,748)	-	10,355,015
Governmental activities capital assets, net	<u>\$ 13,657,625</u>	<u>\$ 1,672,638</u>	<u>\$ (323,807)</u>	<u>\$ 15,006,456</u>
	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 2,594,636	\$ 103,500	\$ -	\$ 2,698,136
Construction in progress	-	1,436,715	-	1,436,715
Total capital assets, not being depreciated	2,594,636	1,540,215	-	4,134,851
Capital assets, being depreciated:				
Plant and equipment	11,550,935	72,071	-	11,623,006
Total capital assets, being depreciated	11,550,935	72,071	-	11,623,006
Less: accumulated depreciation	(8,130,267)	(370,572)	-	(8,500,839)
Total capital assets, being depreciated, net	3,420,668	(298,501)	-	3,122,167
Business-type activities capital assets, net	<u>\$ 6,015,304</u>	<u>\$ 1,241,714</u>	<u>\$ -</u>	<u>\$ 7,257,018</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 5 – CAPITAL ASSETS (Continued)

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

Governmental Activities:

General government	\$	24,361
Public safety		110,381
Public works and development		116,988
Parks and recreation		<u>177,825</u>
Total	\$	<u>429,555</u>

Business-Type Activities:

Water	\$	136,425
Sewer		<u>234,147</u>
Total	\$	<u>370,572</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, 2020	Additions	Retirements	Balance June 30, 2021	Current Portion
Governmental Activities					
Capital lease:					
Police Vehicles	\$ 43,606	\$ -	\$ (43,606)	\$ -	\$ -
Loan payable	<u>-</u>	<u>779,473</u>	<u>-</u>	<u>779,473</u>	<u>-</u>
Total governmental activities	<u>\$ 43,606</u>	<u>\$ 779,473</u>	<u>\$ (43,606)</u>	<u>\$ 779,473</u>	<u>\$ -</u>
Business-Type Activities					
Bonds payable:					
1987 Parlier Sewer Revenue Bond	\$ 433,000	\$ -	\$ (45,000)	\$ 388,000	\$ 48,000
1994 Sewer Revenue Bond	880,000	-	(50,000)	830,000	50,000
Capital lease:					
Vactor Truck Capital Lease	<u>220,490</u>	<u>-</u>	<u>(39,761)</u>	<u>180,729</u>	<u>41,820</u>
Total business-type activities	<u>\$1,533,490</u>	<u>\$ -</u>	<u>\$ (134,761)</u>	<u>\$ 1,398,729</u>	<u>\$ 139,820</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 6 – LONG-TERM DEBT (Continued)

Long-term debt payable at June 30, 2021 was comprised of the following individual issues:

Energy Resources Conservation Loan – In December 2020, the City entered into a loan agreement with the State of California Energy Resources Conservation Department for \$1,210,560 at 1% interest. Payment plan is pending upon completion of the project.

Police Vehicles Capital Lease – In June 2018, the City entered into a capital lease agreement with Ford Motor Credit Company LLC for the purchase of six 2018 Ford Police Interceptors. Principal portion was \$171,760 with an interest rate of 6.20%. This lease was paid off in fiscal year June 30, 2021.

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.

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

The annual requirements to amortize the principal and interest on all long-term debt at June 30, 2021 are as follows:

Years Ending June 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ -	\$ -	\$ -	\$ 139,820	\$ 67,810	\$ 207,630
2023	-	-	-	148,986	60,569	209,555
2024	779,473	-	779,473	154,263	52,966	207,229
2025	-	-	-	163,660	44,995	208,655
2026	-	-	-	123,000	36,525	159,525
2027-2031	-	-	-	494,000	98,250	592,250
2032-2033	-	-	-	175,000	8,875	183,875
	<u>\$ 779,473</u>	<u>\$ -</u>	<u>\$ 779,473</u>	<u>\$ 1,398,729</u>	<u>\$ 369,990</u>	<u>\$ 1,768,719</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 6 – LONG-TERM DEBT (Continued)

Other long-term liabilities at June 30, 2021 was comprised of the following:

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Current Portion
Net Pension Liability					
Governmental activities	\$ 1,436,129	\$ 167,493	\$ -	\$ 1,603,622	\$ -
Business-type activities	<u>506,529</u>	<u>58,935</u>	<u>-</u>	<u>565,464</u>	<u>-</u>
Total net pension liability	<u>\$ 1,942,658</u>	<u>\$ 226,428</u>	<u>\$ -</u>	<u>\$ 2,169,086</u>	<u>\$ -</u>
Compensated Absences					
Governmental activities	\$ 200,594	\$ 11,453	\$ -	\$ 212,047	\$ 63,614
Business-type activities	<u>63,140</u>	<u>-</u>	<u>(888)</u>	<u>62,252</u>	<u>18,676</u>
Total compensated absences	<u>\$ 263,734</u>	<u>\$ 11,453</u>	<u>\$ (888)</u>	<u>\$ 274,299</u>	<u>\$ 82,290</u>

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, 2021:

Governmental Funds:	
General	\$ (452,427)
Non-major Governmental Funds:	
Measure Q	\$ (97,889)
Enterprise Funds:	
Disposal	\$ (154,527)

The deficit net positions 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.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 8 – PENSION PLAN (Continued)

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

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

	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	10.484%	7.732%

	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	14.810%	11.114%

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

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, 2021, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Contributions - employer	\$ 227,299	\$ 177,164
Contributions - employee	\$ 115,972	\$ 94,760

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

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

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 1,277,883
Safety	<u>891,203</u>
Total Net Pension Liability	<u>\$ 2,169,086</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, 2020, 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, 2019, rolled forward to June 30, 2020, using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension 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, 2020 and 2021 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2020	0.02859%	0.01278%
Proportion - June 30, 2021	<u>0.03030%</u>	<u>0.01338%</u>
Change - Increase (Decrease)	<u>0.00171%</u>	<u>0.00060%</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

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, 2021, the City recognized pension expense of \$575,495. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 404,463	\$ -
Differences between expected and actual experience	134,961	-
Changes of assumptions	-	(12,083)
Differences between employer's contributions and proportionate share of contributions	32,920	-
Change in employer's proportion	116,554	(32,762)
Differences between projected and actual investment earnings	57,331	-
Total	<u>\$ 746,229</u>	<u>\$ (44,845)</u>

\$404,463 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2022	\$ 96,280
2023	104,279
2024	68,450
2025	27,912
Thereafter	-

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 8 – PENSION PLAN (Continued)

C. Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2020 measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. The collective total pension liability was based on the following assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Payroll Growth	2.8%	2.8%
Projected Salary Increase	3.3% - 14.2% ⁽¹⁾	3.3% - 14.2% ⁽¹⁾
Investment Rate of Return	7.15% ⁽²⁾	7.15% ⁽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.

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Change of assumptions – None.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 8 – PENSION PLAN (Continued)

D. Discount Rate

Discount rate – The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. 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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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, 2020.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

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(a)	New Strategic Allocation	Real Return Years 1-10(b)	Real Return Years 11+(c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	<u>1.00%</u>	0.00%	-92.00%
Total	<u>100.00%</u>		

^(a) In the System's CAFR, Fixed Income is included in Global Debt Securities, Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

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

^(c) An expected inflation of 2.92% 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	6.15%	6.15%
Net Pension Liability	\$ 2,043,310	\$ 1,467,723
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 1,277,883	\$ 891,203
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 645,437	\$ 418,114

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

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, 2021, the City did not have a payable for an outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

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, 2021

NOTE 11 – UNCOLLECTIBLE LOAN RECEIVABLE

As of June 30, 2021, 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, 2021 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 – SUBSEQUENT EVENTS

The City evaluated subsequent events for recognition and disclosure through December 15, 2021, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2021 that required recognition or disclosure in such financial statements.

NOTE 13 – PRIOR PERIOD ADJUSTMENTS

During year the City had the following prior period adjustments totaling \$66,422 at June 30, 2021:

	Governmental Activities	
Government-wide Financial Statements		
Understatement of expenses	\$ (18,320)	
Overstatement of revenues	(48,102)	
 Total Government-wide Financial Statements	 \$ (66,422)	
 Governmental Fund Financial Statements	 Local Transportation Fund	 Measure C
Understatement of expenses	\$ -	\$ (18,320)
Overstatement of revenues	(48,102)	-
 Total prior period adjustments	 \$ (48,102)	 \$ (18,320)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PARLIER

BUDGETARY COMPARISON SCHEDULE GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 3,210,000	\$ 3,210,000	\$ 3,621,802	\$ 411,802
Intergovernmental	353,500	353,500	447,437	93,937
Charges for services	54,500	54,500	185,964	131,464
Licenses and permits	180,000	180,000	586,055	406,055
Fines and forfeitures	50,000	50,000	28,341	(21,659)
Interest and rent	20,000	20,000	55,815	35,815
Other	9,700	9,700	6,241	(3,459)
Total revenues	<u>3,877,700</u>	<u>3,877,700</u>	<u>4,931,655</u>	<u>1,053,955</u>
EXPENDITURES				
Current:				
General government	415,030	415,030	380,936	34,094
Public safety	2,753,891	2,753,891	2,285,692	468,199
Public works	71,400	71,400	48,608	22,792
Community development	279,454	279,454	447,421	(167,967)
Parks and recreation	181,481	181,481	231,225	(49,744)
Capital outlay	-	-	779,473	(779,473)
Total expenditures	<u>3,701,256</u>	<u>3,701,256</u>	<u>4,173,355</u>	<u>(472,099)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>176,444</u>	<u>176,444</u>	<u>758,300</u>	<u>581,856</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	441,832	441,832
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>793,002</u>	<u>793,002</u>
Net change in fund balance	<u>\$ 176,444</u>	<u>\$ 176,444</u>	1,551,302	<u>\$ 1,374,858</u>
Fund balance - beginning			(2,783,202)	
Fund balance - ending			<u>\$ (1,231,900)</u>	

CITY OF PARLIER

BUDGETARY COMPARISON SCHEDULE HOUSING GRANT FUND FOR THE YEAR ENDED JUNE 30, 2021

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 181,636	\$ 181,636
Charges for services	-	-	1,500	1,500
Loan repayments	-	-	33,153	33,153
Total revenues	-	-	216,289	216,289
EXPENDITURES				
Current:				
Community development	-	-	270,024	(270,024)
Total expenditures	-	-	270,024	(270,024)
Excess (deficiency) of revenues over (under)	-	-	(53,735)	(53,735)
OTHER FINANCING SOURCES				
Transfers in	-	-	4,305	4,305
Transfers out	-	-	(110,654)	(110,654)
Total other financing sources (uses)	-	-	(106,349)	(106,349)
Net change in fund balance	\$ -	\$ -	(160,084)	\$ (160,084)
Fund balance - beginning			355,645	
Fund balance - ending			\$ 195,561	

CITY OF PARLIER

BUDGETARY COMPARISON SCHEDULE LOCAL TRANSPORTATION FUND FOR THE YEAR ENDED JUNE 30, 2021

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 762,329	\$ 762,329	\$ 459,287	\$ (303,042)
Interest	-	-	90	90
Total revenues	<u>762,329</u>	<u>762,329</u>	<u>459,377</u>	<u>(302,952)</u>
EXPENDITURES				
Current:				
Public works	-	-	149,881	(149,881)
Total expenditures	-	-	<u>149,881</u>	<u>(149,881)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>762,329</u>	<u>762,329</u>	<u>309,496</u>	<u>(452,833)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	91,006	91,006
Transfer out	-	-	(726,360)	(726,360)
Total other financing sources (uses)	-	-	<u>(635,354)</u>	<u>(635,354)</u>
Net change in fund balances	<u>\$ 762,329</u>	<u>\$ 762,329</u>	(325,858)	<u>\$ (1,088,187)</u>
Fund balance - beginning, restated			<u>3,156,336</u>	
Fund balance - ending			<u>\$ 2,830,478</u>	

CITY OF PARLIER

BUDGETARY COMPARISON SCHEDULE DAY CARE FUND FOR THE YEAR ENDED JUNE 30, 2021

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 826,200	\$ 826,200	\$ 944,436	\$ 118,236
Charges for services	18,000	18,000	22,280	4,280
Interest income	-	-	34	34
Other	-	-	194	194
Total revenues	<u>844,200</u>	<u>844,200</u>	<u>966,944</u>	<u>122,744</u>
EXPENDITURES				
Current:				
Day care	<u>1,058,382</u>	<u>1,058,382</u>	<u>994,447</u>	<u>63,935</u>
Total expenditures	<u>1,058,382</u>	<u>1,058,382</u>	<u>994,447</u>	<u>63,935</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(214,182)</u>	<u>(214,182)</u>	<u>(27,503)</u>	<u>186,679</u>
Net change in fund balances	<u>\$ (214,182)</u>	<u>\$ (214,182)</u>	<u>(27,503)</u>	<u>\$ 186,679</u>
Fund balances - beginning			<u>53,077</u>	
Fund balance - ending			<u>\$ 25,574</u>	

CITY OF PARLIER

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, 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>			
Community development	\$ 279,454	\$ 447,421	\$ (167,967)
Parks and recreation	181,481	231,225	(49,744)
<i>Housing Grants Special Revenue Fund</i>			
Community development	-	270,024	(270,024)
Transfers out	-	110,654	(110,654)
<i>Local Transportation Special Revenue Fund</i>			
Public works	-	149,881	(149,881)

CITY OF PARLIER

PROPORTIONATE SHARE OF NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2021 LAST 10 YEARS*

	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered - employee payroll	Proportionate share of the net pension liability as percentage of covered- employee payroll	Plan's fiduciary net position	Plan fiduciary net position as a percentage of the total pension liability
2015						
Miscellaneous	0.0157%	\$ 979,686	\$ 852,123	114.97%	\$ 3,018,889	75.50%
Safety	0.0100%	\$ 622,219	\$ 823,170	75.59%	\$ 2,151,696	77.57%
2016						
Miscellaneous	0.0327%	\$ 895,631	\$ 776,173	115.39%	\$ 3,136,206	77.79%
Safety	0.0124%	\$ 510,061	\$ 731,012	69.77%	\$ 2,315,222	81.95%
2017						
Miscellaneous	0.0286%	\$ 991,657	\$ 909,371	109.05%	\$ 3,005,048	75.19%
Safety	0.0127%	\$ 660,083	\$ 738,869	89.34%	\$ 2,195,482	76.88%
2018						
Miscellaneous	0.0265%	\$ 1,044,279	\$ 1,076,394	97.02%	\$ 3,659,781	77.80%
Safety	0.0126%	\$ 751,752	\$ 558,832	134.52%	\$ 2,445,339	76.49%
2019						
Miscellaneous	0.0271%	\$ 1,020,790	\$ 1,332,269	76.62%	\$ 4,071,893	79.96%
Safety	0.0126%	\$ 740,952	\$ 973,509	76.11%	\$ 2,542,844	77.44%
2020						
Miscellaneous	0.0286%	\$ 1,144,696	\$ 1,299,986	88.05%	\$ 4,360,264	79.21%
Safety	0.0128%	\$ 797,962	\$ 1,022,285	78.06%	\$ 3,102,831	79.54%
2021						
Miscellaneous	0.0303%	\$ 1,277,884	\$ 1,299,986	88.05%	\$ 4,473,929	77.78%
Safety	0.0134%	\$ 891,203	\$ 1,022,285	78.06%	\$ 3,354,038	79.01%

NOTES TO SCHEDULE

Changes in Benefit Terms - None

Changes in

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

CITY OF PARLIER

SCHEDULE OF CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2021 LAST 10 YEARS*

	Actuarially required contribution (actuarially determined)	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)	Covered - employee payroll	Contributions as percentage of covered employee payroll
2015					
Miscellaneous	\$ 143,039	\$ (143,039)	\$ -	\$ 852,123	20.17%
Safety	\$ 117,789	\$ (117,789)	\$ -	\$ 823,170	14.38%
2016					
Miscellaneous	\$ 156,575	\$ (156,575)	\$ -	\$ 776,173	20.17%
Safety	\$ 105,101	\$ (105,101)	\$ -	\$ 731,012	14.38%
2017					
Miscellaneous	\$ 177,276	\$ (177,276)	\$ -	\$ 909,371	19.49%
Safety	\$ 130,135	\$ (130,135)	\$ -	\$ 738,869	17.61%
2018					
Miscellaneous	\$ 82,325	\$ (82,325)	\$ -	\$ 1,076,394	9.05%
Safety	\$ 111,097	\$ (111,097)	\$ -	\$ 558,832	19.88%
2019					
Miscellaneous	\$ 132,441	\$ (132,441)	\$ -	\$ 1,332,269	9.94%
Safety	\$ 130,760	\$ (130,760)	\$ -	\$ 973,509	13.43%
2020					
Miscellaneous	\$ 153,496	\$ (153,496)	\$ -	\$ 1,299,986	11.81%
Safety	\$ 172,894	\$ (172,894)	\$ -	\$ 1,022,285	16.91%
2021					
Miscellaneous	\$ 179,376	\$ (179,376)	\$ -	\$ 1,299,986	11.81%
Safety	\$ 187,906	\$ (187,906)	\$ -	\$ 1,022,285	16.91%

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

SUPPLEMENTARY INFORMATION

CITY OF PARLIER

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2021

	Special Revenue Funds					
	Gas Tax	Measure C	Landscape Maintenance	Measure Q	Street Grants	SB1
ASSETS						
Cash and investments	\$ 1,451,592	\$ 2,629,935	\$ 30,277	\$ -	\$ -	\$ 670,176
Due from other governments	-	77,133	-	11,796	383,039	10,964
Interest receivable	49	73	2	-	-	23
Total assets	<u>\$ 1,451,641</u>	<u>\$ 2,707,141</u>	<u>\$ 30,279</u>	<u>\$ 11,796</u>	<u>\$ 383,039</u>	<u>\$ 681,163</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 11,684	\$ 22,988	\$ 5,713	\$ 54,220	\$ 150,317	\$ 10,644
Due to other funds	-	-	-	55,465	223,267	-
Total liabilities	<u>11,684</u>	<u>22,988</u>	<u>5,713</u>	<u>109,685</u>	<u>373,584</u>	<u>10,644</u>
FUND BALANCES (DEFICITS)						
Restricted:						
Public works	1,439,957	2,684,153	24,566	-	9,455	670,519
Unassigned	-	-	-	(97,889)	-	-
Total fund balances (deficits)	<u>1,439,957</u>	<u>2,684,153</u>	<u>24,566</u>	<u>(97,889)</u>	<u>9,455</u>	<u>670,519</u>
Total liabilities and fund balances	<u>\$ 1,451,641</u>	<u>\$ 2,707,141</u>	<u>\$ 30,279</u>	<u>\$ 11,796</u>	<u>\$ 383,039</u>	<u>\$ 681,163</u>

CITY OF PARLIER

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2021

	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
	Policing Grants	American Rescue Plan	Urban Greening	Community Development	Great Plates	Development Impact Fees	
ASSETS							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 175,792	\$ 309,277	\$ 5,267,049
Due from other governments	149,277	-	8,909	307,763	24,502	-	973,383
Interest receivable	-	-	-	-	-	11	158
Total assets	<u>\$ 149,277</u>	<u>\$ -</u>	<u>\$ 8,909</u>	<u>\$ 307,763</u>	<u>\$ 200,294</u>	<u>\$ 309,288</u>	<u>\$ 6,240,590</u>
LIABILITIES							
Accounts payable and accrued expenses	\$ 24,561	\$ -	\$ 534	\$ 1,572	\$ 200,294	\$ -	\$ 482,527
Due to other funds	<u>124,716</u>	<u>-</u>	<u>8,375</u>	<u>124,875</u>	<u>-</u>	<u>-</u>	<u>536,698</u>
Total liabilities	<u>149,277</u>	<u>-</u>	<u>8,909</u>	<u>126,447</u>	<u>200,294</u>	<u>-</u>	<u>1,019,225</u>
FUND BALANCES (DEFICITS)							
Restricted:							
Public works	-	-	-	181,316	-	309,288	5,319,254
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(97,889)</u>
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,316</u>	<u>-</u>	<u>309,288</u>	<u>5,221,365</u>
Total liabilities and fund balances	<u>\$ 149,277</u>	<u>\$ -</u>	<u>\$ 8,909</u>	<u>\$ 307,763</u>	<u>\$ 200,294</u>	<u>\$ 309,288</u>	<u>\$ 6,240,590</u>

CITY OF PARLIER

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds					
	Gas Tax	Measure C	Landscape Maintenance	Measure Q	Street Grants	SB1
REVENUES						
Taxes	\$ -	\$ -	\$ 54,317	\$ 547,063	\$ -	\$ -
Intergovernmental	346,045	495,981	-	-	607,457	294,577
Licenses, permits and impact fees	-	-	-	-	-	-
Interest and rent	39	57	1	36	-	18
Other	-	-	-	-	-	-
Total revenues	346,084	496,038	54,318	547,099	607,457	294,595
EXPENDITURES						
Public safety	-	-	-	434,634	-	-
Public works	181,363	237,084	74,906	-	164,524	11,174
Community development	-	-	-	-	24,046	-
Capital outlay	-	-	-	-	368,600	222,935
Debt service:						
Principal	-	-	-	43,606	-	-
Total expenditures	181,363	237,084	74,906	478,240	557,170	234,109
Excess (deficiency) of revenues over (under) expenditures	164,721	258,954	(20,588)	68,859	50,287	60,486
OTHER FINANCING SOURCES (USES)						
Transfers in	-	65,827	-	-	38,944	-
Transfers out	-	(36,460)	-	-	-	-
Total other financing sources (uses)	-	29,367	-	-	38,944	-
Net change in fund balances	164,721	288,321	(20,588)	68,859	89,231	60,486
Fund balance - beginning (restated)	1,275,236	2,395,832	45,154	(166,748)	(79,776)	610,033
Fund balances - ending	\$ 1,439,957	\$ 2,684,153	\$ 24,566	\$ (97,889)	\$ 9,455	\$ 670,519

CITY OF PARLIER

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
	Policing Grants	American Rescue Plan	Urban Greening	Community Development	Great Plates	Development Impact Fees	
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 601,380
Intergovernmental	232,889	427,078	8,909	733,941	467,297	-	3,614,174
Licenses, permits and impact fees	-	-	-	-	-	31,088	31,088
Interest and rent	-	-	-	-	-	9	160
Other	-	-	-	26,050	-	-	26,050
Total revenues	<u>232,889</u>	<u>427,078</u>	<u>8,909</u>	<u>759,991</u>	<u>467,297</u>	<u>31,097</u>	<u>4,272,852</u>
EXPENDITURES							
Public safety	232,889	427,078	-	-	-	-	1,094,601
Public works	-	-	-	3,439	-	-	672,490
Community development	-	-	-	-	-	-	24,046
Parks and recreation	-	-	-	8,557	480,555	-	489,112
Capital outlay	-	-	8,909	398,469	-	-	998,913
Debt service:							
Principal	-	-	-	-	-	-	43,606
Total expenditures	<u>232,889</u>	<u>427,078</u>	<u>8,909</u>	<u>410,465</u>	<u>480,555</u>	<u>-</u>	<u>3,322,768</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>349,526</u>	<u>(13,258)</u>	<u>31,097</u>	<u>950,084</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	756,223	13,258	-	874,252
Transfers out	-	-	-	(491,186)	-	-	(527,646)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>265,037</u>	<u>13,258</u>	<u>-</u>	<u>346,606</u>
Net change in fund balances	-	-	-	614,563	-	31,097	1,296,690
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>(433,247)</u>	<u>-</u>	<u>278,191</u>	<u>3,924,675</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,316</u>	<u>\$ -</u>	<u>\$ 309,288</u>	<u>\$ 5,221,365</u>

CITY OF PARLIER

DAY CARE CENTER

BALANCE SHEET

FOR THE YEAR ENDED JUNE 30, 2021

	Preschool Program	Memo Total
ASSETS		
Cash	\$ 109,002	\$ 109,002
Accounts receivable, State	180,302	180,302
Interest receivable	<u>6</u>	<u>6</u>
Total assets	<u>\$ 289,310</u>	<u>\$ 289,310</u>
LIABILITIES		
Accounts payable	\$ 113,970	\$ 113,970
Unearned revenue - reserve fund	149,766	149,766
Total liabilities	<u>263,736</u>	<u>263,736</u>
FUND BALANCES		
Unassigned	<u>25,574</u>	<u>25,574</u>
Total fund balances	<u>25,574</u>	<u>25,574</u>
Total liabilities, deferred infows of resources, and fund balances	<u>\$ 289,310</u>	<u>\$ 289,310</u>

CITY OF PARLIER

DAY CARE CENTER STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

	<u>Programs</u>
	<u>CSPP-0069</u>
REVENUES AND SUPPORT	
State apportionments - Child Development Program	\$ 944,436
Parent fees - certified	22,280
Other revenue	<u>228</u>
Total revenues and support	<u>966,944</u>
EXPENSES	
Certified salaries:	
Teachers' salaries	212,686
Classified salaries:	
Instructional aides' salaries	209,589
Employee benefits	215,533
Instructional supplies	51,078
Travel and conferences	1,371
Utilities and housekeeping	128,440
Rents	38,004
Other operating expenditures	137,746
Depreciation allowance	<u>-</u>
Total expenses	<u>994,447</u>
Net change in fund balances	(27,503)
Fund balances - beginning	<u>53,077</u>
Fund balances - ending	<u>\$ 25,574</u>

CITY OF PARLIER

DAY CARE CENTER

SCHEDULE OF EXPENDITURES OF BY STATE CATEGORIES FOR THE YEAR ENDED JUNE 30, 2021

		Preschool Program CSPP-0069
Expenditures		
1000	Certified Personnel Salaries	\$ 212,686
2000	Classified Personnel Salaries	209,589
3000	Employee Benefits	215,533
4000	Books and Supplies	51,078
5000	Services and Other Operating Expenses	305,561
	Depreciation or Use Allowance	<u>-</u>
Total expenditures claimed for reimbursement		<u>\$ 994,447</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, 2021

	<u>CSPP-0069</u>
Expenditures	
Schedule of Expenditure by State Category (CDE)	\$ 966,486
Adjustments to Reconcile Difference in Reporting:	
Capitalized equipment expensed on AUD Form	<u>-</u>
Combining Statement of Activities	<u>\$ 966,486</u>

CITY OF PARLIER

DAY CARE CENTER SCHEDULE OF EQUIPMENT EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2021

	Preschool Program CSPP-0069
	<hr/>
Unit Cost Under \$7,500 Per Item	
None	\$ -
	<hr/>
Subtotal	-
	<hr/>
Unit Cost \$7,500 or More Per Item With Prior Written Approval	
None	-
	<hr/>
Subtotal	-
	<hr/>
Unit Cost \$7,500 or More Per Item Without Prior Approval	
None	-
	<hr/>
Subtotal	-
	<hr/>
Total	\$ -
	<hr/> <hr/>

CITY OF PARLIER

DAY CARE CENTER

COMBINING SCHEDULE OF RENOVATION AND REPAIR EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2021

	Preschool Program CSPP-0069
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, 2021

	<u>CSPP-0069</u>
Reimbursable Administrative Costs	
Salaries	\$ -
Employee Benefits	-
Services and Other Operating Expense	<u>137,746</u>
Total	<u>\$ 137,746</u>

CITY OF PARLIER

DAY CARE CENTER

NOTES TO THE CHILD CARE AND DEVELOPMENT PROGRAM

SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2021

In accordance with the applicable requirements from the Funding Terms & Conditions:

1. Interest expense is only allowable as a reimbursable cost in certain circumstances when it has been preapproved by the administering state department or relates to the lease, purchase, acquisition, or repair or renovation of early learning and cash facilities owned or leased by the contractor. No interest expense was claimed to a child development contract for the year ended June 30, 2021.
2. All expenses claimed for reimbursement under a related rent transaction must be supported by a fair market rental estimate from an independent appraiser, licensed by the California Office of Real Estate Appraisers. There were no related party rent expenses claimed for the year ended June 30, 2021.
3. Bad debt expense is unallowable unless it relates to uncollectible family fees where documentation of adequate collection attempts exists. No bad debt expense was claimed to a child development contract for the year ended June 30, 2021.

California Department of Education Audited Attendance and Fiscal Report for California State Preschool Programs

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Fiscal Year Ending **June 30, 2021**

Contract Number **CSPP-0069**

Vendor Code **10-02190**

Full Name of Contractor **CITY OF PARLIER**

Section 1 - Days of Enrollment Certified Children

Enrollment Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time	2,735	-18	2,717	1.0000	2,717
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.6193	0
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.9537	0
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time	9,721	-64	9,657	1.1000	10,622.7
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6193	0

Full Name of Contractor CITY OF PARLIER

Section 1 - Days of Enrollment Certified Children (continued)

Enrollment Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6193	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.1952	0
TOTAL DAYS OF ENROLLMENT	12,456	-82	12,374	N/A	13,339.7
DAYS OF OPERATION	249		249	N/A	N/A
DAYS OF ATTENDANCE	11,386	266	11,652	N/A	N/A

☒ NO NON-CERTIFIED CHILDREN Check this box (omit pages 3 and 4) and continue to Revenue Section on page 5.

Full Name of Contractor CITY OF PARLIER

Section 3 - Revenue

Revenue Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs			
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other: STATE ELCD		22,050	22,050
Restricted Income - Subtotal		22,050	22,050
Transfer from Reserve - General			
Transfer from Reserve - Professional Development			
Transfer from Reserve Total			
Waived Family Fees for Certified Children (July - August)			
Family Fees Collected for Certified Children (September - June)			
Waived Family Fees for Certified Children (September - June)			
Family Fees for Certified Children (September - June) - Subtotal			
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start			
Unrestricted Income - Other:			
Total Revenue		22,050	22,050

Comments:

Full Name of Contractor CITY OF PARLIER

Section 4 - Reimbursable Expenses

Expense Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	219,494	-6,808	212,686
2000 Classified Salaries	208,324	1,265	209,589
3000 Employee Benefits	208,684	6,849	215,533
4000 Books and Supplies	1,144	49,934	51,078
5000 Services and Other Operating Expenses	127,222	140,335	267,557
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance	31,253	6,751	38,004
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)	60,703	-60,703	0
Non-Reimbursable (State use only)			
Total Reimbursable Expenses	856,824	137,623	994,447
Total Administrative Cost (included in Section 4 above)	115,653	22,093	137,746
Total Staff Training Cost (included in Section 4 above)	297		297

Approved Indirect Cost Rate:

☒ NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 7.

Full Name of Contractor CITY OF PARLIER

Section 7 - Summary

Summary Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment	12,456	-82	12,374
Days of Operation	249		249
Days of Attendance	11,386	266	11,652
Restricted Program Income		22,050	22,050
Transfer from Reserve			
Family Fees for Certified Children (September - June)			
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	856,824	137,623	994,447
Total Administrative Cost	115,653	22,093	137,746
Total Staff Training Cost	297		297

Total Certified Adjusted Days of Enrollment 13,339.7

Total Non-Certified Adjusted Days of Enrollment 0

Independent auditor's assurances on agency's compliance with the contract funding terms and conditions and program requirements of the California Department of Education, Early Learning and Care Division:

Eligibility, enrollment and attendance records are being maintained as required (select YES or NO from the drop-down box):

Yes

Reimbursable expenses claimed on page 6 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box):

Yes

Include any comments in the comments box on page 5. If necessary, attach additional sheets to explain adjustments.

California Department of Education

Audited Reserve Account Activity Report

A U D 9530A Page 1 of 1

Fiscal Year End

June 30, 2021

Reserve Account Type

Center-Based

Vendor Code

10-02190

Full Name of Contractor **CITY OF PARLIER**

Section 1 - Prior Year Reserve Account Activity

1. Beginning Balance (2019-20 AUD 9530A Ending Balance)	149,727
2. Plus Transfers to Reserve Account:	Per 2019-20 Post-Audit CDNFS 9530
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Total Transferred from 2019-20 Contracts to Reserve	
3. Less Excess Reserve to be Billed	
4. Ending Balance per 2019-20 Post-Audit CDNFS 9530	149,727

Section 2 - Current Year (2020-21) Reserve Account Activity

	Column A CDNFS 9530A	Column B Audit Adjustments	Column C per Audit
5. Plus Interest Earned This Year on Reserve	39		39
6. Less Transfers to Contracts from Reserve:			
CSPP General-Contract No.0069			
CSPP General-Contract No.			
CSPP Professional Development-Contract No.			
CSPP Professional Development-Contract No.			
Subtotal CSPP Transfers			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Subtotal Other Contract Transfers			
Total Transferred to Contracts from Reserve Account			
7. Ending Balance on June 30, 2021	149,766		149,766

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, 2021

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>			
Passed through the California Department of Housing and Community Development:			
Community Development Block Grant	14.228	16-CDBG-11144	\$ 53,629
Home Investment Partnership Program	14.239	16-HOME-11378	125,831
Total U.S. Department of Housing and Urban Development			<u>179,460</u>
<u>U.S. Department of Justice</u>			
Passed through the California Department of Justice:			
Community Policing Grant	16.710	2017-UM-WX-00127	52,887
Community Policing Grant	16.710	2020-UM-WX-00	84,295
Direct award:			
Bullet Proof Vest Program	16.607	N/A	483
Total U.S. Department of Justice			<u>137,665</u>
<u>U.S. Department of Transportation</u>			
Passed through the California Department of Transportation:			
Congestion Mitigation and Air Quality Agreement	20.205	CML-5252(025)	374,366
Congestion Mitigation and Air Quality Agreement	20.205	CML-5252(026)	35,829
Congestion Mitigation and Air Quality Agreement	20.205	CML-5252(028)	144,027
Active Transportation Program	20.205	ATPL-5252(030)	28,275
Active Transportation Program	20.205	ATPL-5252(031)	59,116
Highway Safety Improvement Program	20.205	HSIPL-5252 (018)	32,389
Regional Surface Transportation Program	20.205	RSTP-5252(029)	52,054
State Transportation Program	20.600	STPL-5252 (027)	29,120
Total U.S. Department of Transportation			<u>755,176</u>
<u>U.S. Department of Federal Emergency Management Agency</u>			
Passed through State of California	97.036	195585600	280,260
Total U.S. Department of Federal Emergency Management Agency			<u>280,260</u>
<u>U.S. Department of Homeland Security (HSPG)</u>			
Passed through the City of Fresno:	97.067	BSCC818-18	24,920
Total U.S. Department of Homeland Security			<u>24,920</u>
<u>U.S. Department of Treasury</u>			
Passed through the County of Fresno:			
Education:			
CARES	21.019	N/A	230,873
Total U.S. Department of Treasury			<u>230,873</u>
Total Federal Expenditures			<u>\$ 1,608,354</u>

CITY OF PARLIER

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
STATE:			
California Department of Education:			
Child Development Programs 25451-2190		CSPP-0069	\$ <u>966,486</u>
Total California Department of Education			<u>966,486</u>
Total State Expenditures			<u>966,486</u>
Total Federal and State Expenditures			<u>\$ 2,574,840</u>

CITY OF PARLIER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

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, 2021, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated December 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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.

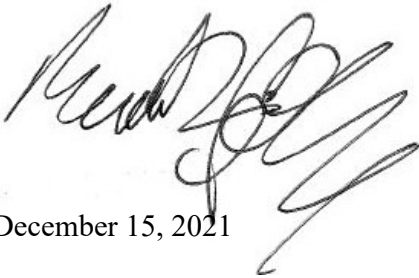
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 financial statements. 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 "Kendall J. [unclear]", is written over the date.

December 15, 2021

**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, 2021. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 of Parlier, 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, 2021.

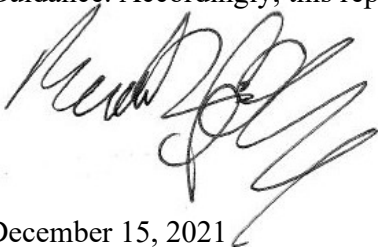
Report on Internal Control over Compliance

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 a 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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]", is written over the date.

December 15, 2021

CITY OF PARLIER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

A – 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: Unqualified

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

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
97.036	FEMA - Great Plates
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? _____ yes X no

CITY OF PARLIER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

B. Findings – Financial Statements Audit

None.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

None.

CITY OF PARLIER

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2021

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2020-001 Internal Controls over Financial Reporting (Material Weakness)
Current Status as of June 30, 2021: Implemented.

2018-003 Debt Forgiveness and Legal Settlement Payments (Material Weakness)
Current Status as of June 30, 2021: Implemented.