

CITY OF PARLIER

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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 (the "City"), California, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 43-47, the Schedule of the City's Proportionate Share of Net Pension Liability on page 49, and the Schedule of Contributions on page 50 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

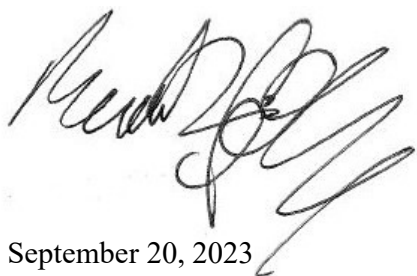
supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the 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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 September 20, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

A handwritten signature in dark ink, appearing to be "Michael J. [unclear]", is written over the date.

September 20, 2023

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF PARLIER

STATEMENT OF NET POSITION JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 9,511,348	\$ 9,559,884	\$ 19,071,232
Accounts receivable	2,169,093	1,021,200	3,190,293
Due from other governments	3,209,949	-	3,209,949
Internal balances	(2,342,306)	2,342,306	-
Interest receivable	631	1,194	1,825
Notes receivable	14,375,287	-	14,375,287
Notes receivables - related parties	31,583	-	31,583
Capital assets:			
Non-depreciable	7,150,300	5,205,340	12,355,640
Depreciable (net)	<u>11,733,108</u>	<u>2,772,606</u>	<u>14,505,714</u>
Total assets	<u>45,838,993</u>	<u>20,902,530</u>	<u>66,741,523</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	<u>591,986</u>	<u>180,431</u>	<u>772,417</u>
Total deferred outflow of resources	<u>591,986</u>	<u>180,431</u>	<u>772,417</u>
LIABILITIES			
Accounts payable and accrued expenses	1,892,887	481,078	2,373,965
Accrued interest	-	23,346	23,346
Deposits	11,888	154,510	166,398
Unearned revenue	165,281	-	165,281
Noncurrent liabilities:			
Due within one year:			
Bonds payable	-	105,000	105,000
Loan payable	47,220	43,986	91,206
Compensated absences	51,966	21,883	73,849
Due in more than one year:			
Bonds payable	-	1,015,000	1,015,000
Loan payable	1,163,340	94,923	1,258,263
Net pension liability	713,670	273,972	987,642
Compensated absences	<u>121,255</u>	<u>51,060</u>	<u>172,315</u>
Total liabilities	<u>4,167,507</u>	<u>2,264,758</u>	<u>6,432,265</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	<u>566,265</u>	<u>245,996</u>	<u>812,261</u>
Total deferred inflows of resources	<u>566,265</u>	<u>245,996</u>	<u>812,261</u>
NET POSITION			
Net investment in capital assets	17,672,848	6,719,037	24,391,885
Restricted for capital improvements	-	9,305,007	9,305,007
Restricted for public works	10,452,415	-	10,452,415
Restricted for day care	71,367	-	71,367
Restricted for community development	435,947	-	435,947
Unrestricted	<u>13,064,630</u>	<u>2,548,163</u>	<u>15,612,793</u>
Total net position	<u>\$ 41,697,207</u>	<u>\$ 18,572,207</u>	<u>\$ 60,269,414</u>

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, 2022

Functions/Programs	Expense	Program Revenue			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 513,851	\$ 1,584	\$ 504,689	\$ -	\$ (7,578)	\$ -	\$ (7,578)
Public safety	3,499,985	140,378	482,632	-	(2,876,975)	-	(2,876,975)
Public works	1,854,761	-	1,626,525	1,277,289	1,049,053	-	1,049,053
Community development	694,996	13,400	583,583	3,736,158	3,638,145	-	3,638,145
Parks and recreation	431,375	18,940	-	-	(412,435)	-	(412,435)
Day care	991,569	-	1,035,862	-	44,293	-	44,293
Total governmental activities	<u>7,986,537</u>	<u>174,302</u>	<u>4,233,291</u>	<u>5,013,447</u>	<u>1,434,503</u>	<u>-</u>	<u>1,434,503</u>
Business-type activities:							
Water	1,816,852	1,755,060	-	-	-	(61,792)	(61,792)
Sewer	1,756,239	2,354,275	-	103,225	-	701,261	701,261
Disposal	1,429,747	1,422,679	-	-	-	(7,068)	(7,068)
Total business-type activities	<u>5,002,838</u>	<u>5,532,014</u>	<u>-</u>	<u>103,225</u>	<u>-</u>	<u>632,401</u>	<u>632,401</u>
Total primary government	<u>\$ 12,989,375</u>	<u>\$ 5,706,316</u>	<u>\$ 4,233,291</u>	<u>\$ 5,116,672</u>	<u>1,434,503</u>	<u>632,401</u>	<u>2,066,904</u>
General revenues:							
Property taxes					1,156,408	-	1,156,408
Motor vehicle taxes					1,439,831	-	1,439,831
Sales taxes					1,830,469	-	1,830,469
Franchise taxes					58,836	-	58,836
Licenses and permits					367,324	27,535	394,859
Interest and rent					77,853	7,908	85,761
Other					117,732	7,922	125,654
Total general revenues					<u>5,048,453</u>	<u>43,365</u>	<u>5,091,818</u>
Changes in net position					6,482,956	675,766	7,158,722
Net position - beginning					<u>35,214,251</u>	<u>17,896,441</u>	<u>53,110,692</u>
Net position - ending					<u>\$ 41,697,207</u>	<u>\$ 18,572,207</u>	<u>\$ 60,269,414</u>

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, 2022

	General	Housing Grants	Community Development	Day Care	American Rescue Plan	Local Transportation	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and investments	\$ -	\$ 149,550	\$ -	\$ 145,947	\$ 1,332,126	\$ 3,413,359	\$ 4,470,366	\$ 9,511,348
Accounts receivable	273,451	27,563	-	-	-	-	-	301,014
Due from other governments	526,254	110,656	968,400	188,163	1,868,079	13,371	1,403,105	5,078,028
Interest receivable	-	-	-	-	-	268	363	631
Notes receivable, net	83,428	14,291,859	-	-	-	-	-	14,375,287
Related party receivables	31,583	-	-	-	-	-	-	31,583
Total assets	<u>\$ 914,716</u>	<u>\$ 14,579,628</u>	<u>\$ 968,400</u>	<u>\$ 334,110</u>	<u>\$ 3,200,205</u>	<u>\$ 3,426,998</u>	<u>\$ 5,873,834</u>	<u>\$ 29,297,891</u>
LIABILITIES								
Accounts payable and accrued expenses	\$ 392,116	\$ 5,582	\$ 513,824	\$ 97,462	\$ 23,125	\$ 613,979	\$ 246,799	\$ 1,892,887
Deposits	11,888	-	-	-	-	-	-	11,888
Unearned revenues	-	-	-	165,281	-	-	-	165,281
Due to other funds	808,141	-	300,816	-	-	-	1,233,349	2,342,306
Total liabilities	<u>1,212,145</u>	<u>5,582</u>	<u>814,640</u>	<u>262,743</u>	<u>23,125</u>	<u>613,979</u>	<u>1,480,148</u>	<u>4,412,362</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred loans	-	14,291,859	-	-	-	-	-	14,291,859
Total deferred inflows of resources	<u>-</u>	<u>14,291,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,291,859</u>
FUND BALANCES								
Nonspendable:								
Notes receivable	83,428	-	-	-	-	-	-	83,428
Assigned:								
Day Care	-	-	-	71,367	-	-	-	71,367
Restricted:								
Public Safety	-	-	-	-	-	-	3,646	3,646
Public Works	-	-	-	-	3,177,080	2,813,019	4,462,316	10,452,415
Community Development	-	282,187	153,760	-	-	-	-	435,947
Unassigned	(380,857)	-	-	-	-	-	(72,276)	(453,133)
Total fund balances	<u>(297,429)</u>	<u>282,187</u>	<u>153,760</u>	<u>71,367</u>	<u>3,177,080</u>	<u>2,813,019</u>	<u>4,393,686</u>	<u>10,593,670</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 914,716</u>	<u>\$ 14,579,628</u>	<u>\$ 968,400</u>	<u>\$ 334,110</u>	<u>\$ 3,200,205</u>	<u>\$ 3,426,998</u>	<u>\$ 5,873,834</u>	<u>\$ 29,297,891</u>

CITY OF PARLIER

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION JUNE 30, 2022

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

Total fund balances - governmental funds	\$ 10,593,670
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	18,883,408
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	14,291,859
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(173,221)
Long-term debt are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(1,210,560)
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>(687,949)</u>
Net position of governmental activities	<u>\$ 41,697,207</u>

CITY OF PARLIER

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	General	Housing Grants	Community Development	Day Care	American Rescue Plan	Local Transportation	Other Governmental Funds	Total Governmental Funds
REVENUES								
Taxes	\$ 3,594,263	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 565,882	\$ 4,160,145
Intergovernmental	343,062	157,323	1,069,511	1,035,862	3,736,158	744,529	2,429,794	9,516,239
Charges for services	145,779	-	-	-	-	-	-	145,779
Licenses, permits and impact fees	366,505	-	-	-	-	-	8,751	375,256
Fines and forfeitures	26,461	-	-	-	-	-	-	26,461
Interest and rent	71,619	-	-	-	-	1,769	4,467	77,855
Loan repayments	-	150,932	-	-	-	-	-	150,932
Other	106,577	-	61,107	1,500	-	-	-	169,184
Total revenues	<u>4,654,266</u>	<u>308,255</u>	<u>1,130,618</u>	<u>1,037,362</u>	<u>3,736,158</u>	<u>746,298</u>	<u>3,008,894</u>	<u>14,621,851</u>
EXPENDITURES								
Current:								
General government	504,579	-	-	-	-	-	-	504,579
Public safety	2,959,157	-	-	-	-	-	693,869	3,653,026
Public works	84,213	-	3,066	-	-	77,827	1,563,408	1,728,514
Community development	325,387	221,629	194,783	-	-	-	-	741,799
Parks and recreation	259,682	-	-	-	-	-	-	259,682
Day care	-	-	-	991,569	-	-	-	991,569
Capital outlay	706,185	-	1,441,616	-	559,078	620,426	1,074,245	4,401,550
Total expenditures	<u>4,839,203</u>	<u>221,629</u>	<u>1,639,465</u>	<u>991,569</u>	<u>559,078</u>	<u>698,253</u>	<u>3,331,522</u>	<u>12,280,719</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(184,937)</u>	<u>86,626</u>	<u>(508,847)</u>	<u>45,793</u>	<u>3,177,080</u>	<u>48,045</u>	<u>(322,628)</u>	<u>2,341,132</u>
OTHER FINANCING SOURCES (USES)								
Loan proceeds	431,987	-	-	-	-	-	-	431,987
Transfers in	-	-	481,664	-	-	373	158,916	640,953
Transfers out	(92,052)	-	(373)	-	-	(65,877)	(482,651)	(640,953)
Total other financing sources (uses)	<u>339,935</u>	<u>-</u>	<u>481,291</u>	<u>-</u>	<u>-</u>	<u>(65,504)</u>	<u>(323,735)</u>	<u>431,987</u>
Change in fund balances	154,998	86,626	(27,556)	45,793	3,177,080	(17,459)	(646,363)	2,773,119
Fund balances - beginning	<u>(452,427)</u>	<u>195,561</u>	<u>181,316</u>	<u>25,574</u>	<u>-</u>	<u>2,830,478</u>	<u>5,040,049</u>	<u>7,820,551</u>
Fund balances - ending	<u>\$ (297,429)</u>	<u>\$ 282,187</u>	<u>\$ 153,760</u>	<u>\$ 71,367</u>	<u>\$ 3,177,080</u>	<u>\$ 2,813,019</u>	<u>\$ 4,393,686</u>	<u>\$ 10,593,670</u>

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

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, 2022

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

Net change in fund balances - total governmental funds	\$ 2,773,119
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.	4,401,550
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.	(524,598)
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):	
Deferred loans	(153,260)
Loan payable	(431,087)
Compensated absences	38,826
Net pension liability	<u>378,406</u>
Change in net position of governmental activities	<u>\$ 6,482,956</u>

CITY OF PARLIER

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2022

	Business-Type Activities			
	Water	Sewer	Disposal	Total
ASSETS				
Current assets:				
Cash and investments	\$ 8,170,884	\$ 1,389,000	\$ -	\$ 9,559,884
Accounts receivable, net	290,362	483,371	247,467	1,021,200
Due from other funds	2,427,993	-	-	2,427,993
Interest receivable	1,143	47	4	1,194
Total current assets	10,890,382	1,872,418	247,471	13,010,271
Noncurrent assets:				
Property, plant and equipment (net of allowance for depreciation)	3,344,644	4,633,302	-	7,977,946
Total noncurrent assets	3,344,644	4,633,302	-	7,977,946
Total assets	14,235,026	6,505,720	247,471	20,988,217
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pensions	73,762	74,904	31,765	180,431
Total deferred outflows of resources	73,762	74,904	31,765	180,431
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	105,061	123,284	252,733	481,078
Accrued interest	-	23,346	-	23,346
Deposits	81,148	73,362	-	154,510
Due to other funds	-	-	85,687	85,687
Bonds payable	-	105,000	-	105,000
Loan payable	-	43,986	-	43,986
Compensated absences	8,762	8,672	1,417	18,851
Total current liabilities	194,971	377,650	339,837	912,458
Noncurrent liabilities:				
Bonds payable	-	1,015,000	-	1,015,000
Loan payable	-	94,923	-	94,923
Compensated absences	26,494	23,168	4,430	54,092
Net pension liability	112,004	113,737	48,231	273,972
Total noncurrent liabilities	138,498	1,246,828	52,661	1,437,987
Total liabilities	333,469	1,624,478	392,498	2,350,445
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pensions	100,566	102,123	43,307	245,996
Total deferred inflows of resources	100,566	102,123	43,307	245,996
NET POSITION				
Net investment in capital assets	3,344,644	3,374,393	-	6,719,037
Restricted for capital improvements	9,305,007	-	-	9,305,007
Unrestricted (deficit)	1,225,102	1,479,630	(156,569)	2,548,163
Total net position	\$ 13,874,753	\$ 4,854,023	\$ (156,569)	\$ 18,572,207

CITY OF PARLIER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Disposal	Total
Operating revenues:				
Charges for services	\$ 1,731,190	\$ 2,354,275	\$ 1,422,679	\$ 5,508,144
Connection fees	23,870	-	-	23,870
Other revenue	50	2,878	5,000	7,928
Total operating revenues	1,755,110	2,357,153	1,427,679	5,539,942
Operating expenses:				
Contractual services and utilities	924,302	793,490	1,253,841	2,971,633
Personnel	664,554	562,350	146,307	1,373,211
Supplies and materials	103,905	102,439	29,599	235,943
Depreciation	124,091	233,509	-	357,600
Total operating expenses	1,816,852	1,691,788	1,429,747	4,938,387
Operating income (loss)	(61,742)	665,365	(2,068)	601,555
Nonoperating revenues (expenses):				
Intergovernmental	-	103,225	-	103,225
Development impact fees	14,062	13,470	-	27,532
Interest income	7,566	313	26	7,905
Interest expense	-	(64,451)	-	(64,451)
Total nonoperating revenues (expenses)	21,628	52,557	26	74,211
Change in net position	(40,114)	717,922	(2,042)	675,766
Net position - beginning	13,914,867	4,136,101	(154,527)	17,896,441
Net position - ending	\$ 13,874,753	\$ 4,854,023	\$ (156,569)	\$ 18,572,207

CITY OF PARLIER

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Disposal	Total
Cash flows from operating activities:				
Cash receipts from customers	\$ 1,746,971	\$ 2,242,833	\$ 1,411,057	\$ 5,400,861
Cash payments to suppliers of goods or services	(1,107,093)	(826,448)	(1,217,725)	(3,151,266)
Cash payments to employees for services	(683,460)	(584,635)	(156,236)	(1,424,331)
Other revenues	-	-	5,000	5,000
Net cash provided by (used in) operating activities	(43,582)	831,750	42,096	830,264
Cash flows from noncapital financing activities:				
Cash receipts from developers	14,062	13,470	-	27,532
Loans from/(to) other funds	(426,043)	-	(42,120)	(468,163)
Net cash provided by (used in) noncapital financing activities	(411,981)	116,695	(42,120)	(337,406)
Cash flows from capital and related financing activities:				
Principal paid on bonds	-	(98,000)	-	(98,000)
Principal paid on loan	-	(41,820)	-	(41,820)
Interest paid on long-term debt	-	(67,810)	-	(67,810)
Acquisition of capital assets	(1,023,690)	(54,838)	-	(1,078,528)
Net cash provided by (used in) capital and related financing activities	(1,023,690)	(262,468)	-	(1,286,158)
Cash flows from investing activities:				
Interest received	6,919	287	24	7,230
Net cash provided by (used in) investing activities	6,919	287	24	7,230
Net increase (decrease) in cash	(1,472,334)	686,264	-	(786,070)
Cash, beginning of year	9,643,218	702,736	-	10,345,954
Cash, end of year	\$ 8,170,884	\$ 1,389,000	\$ -	\$ 9,559,884

CITY OF PARLIER

STATEMENT OF CASH FLOWS (continued) PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Disposal	Total
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Operating income (loss)	\$ (61,742)	\$ 665,365	\$ (2,068)	\$ 601,555
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	124,091	233,509	-	357,600
(Increase) decrease in:				
Accounts receivable	(3,128)	(114,320)	(11,622)	(129,070)
Deferred outflows of resources for pension	906	920	390	2,216
Increase (decrease) in:				
Accounts payable	(78,886)	69,481	65,715	56,310
Deposits and other liabilities	(5,011)	-	-	(5,011)
Deferred inflows of resources for pension	92,991	94,430	40,044	227,465
Net pension liability	(119,166)	(121,010)	(51,316)	(291,492)
Compensated absences	6,363	3,375	953	10,691
Net cash provided by (used in) operating activities	<u>\$ (43,582)</u>	<u>\$ 831,750</u>	<u>\$ 42,096</u>	<u>\$ 830,264</u>

CITY OF PARLIER

STATEMENT OF FIDUCIARY NET POSITION PRIVATE PURPOSE TRUST FUND – SUCCESSOR AGENCY JUNE 30, 2022

ASSETS

Cash and investments	\$ 1,472,346
Notes receivable	12,911
Land held for resale	<u>294,384</u>
Total assets	<u>1,779,641</u>

LIABILITIES

Accounts payable	1,459
Interest payable	93,687
Long-term debt due within one year	948,842
Long-term debt due in more than one year	<u>5,664,392</u>
Total liabilities	<u>6,708,380</u>

NET POSITION

Held in trust for other governments	<u>\$ (4,928,739)</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, 2022

ADDITIONS

Property taxes	\$ 1,158,715
Total additions	<u>1,158,715</u>

DEDUCTIONS

Administrative expenses	124,585
Interest and fiduciary expenses of former redevelopment agency	<u>235,248</u>

Total deductions	<u>359,833</u>
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Change in net position	798,882
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Net position - beginning	<u>(5,727,621)</u>
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Net position - ending	<u>\$ (4,928,739)</u>
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NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2022

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, 2022

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.

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

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

American Rescue Plan Fund – This fund is used to account for American Rescue Plan funding.

Local Transportation Fund – This fund is used to account for revenues and expenditures related to local transportation funding through 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.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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, 2022

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, 2022, which have not yet been billed. Accounts receivable are reported net of an allowance for uncollectible.

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 delinquents 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 XIII A 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, 2022

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, 2022

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.

Leases – The City did not have any lease agreements as of June 30, 2022. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and enterprise fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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.

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.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2022 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 19,071,232
Fiduciary Funds:	
Cash and investments	<u>1,472,346</u>
Total cash and investments	<u>\$ 20,543,578</u>

Cash and investments as of June 30, 2022 consist of the following:

Cash on hand	\$ 760
Deposits with financial institutions	19,561,798
Local Agency Investment Fund	<u>981,020</u>
Total cash and investments	<u>\$ 20,543,578</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2022

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.

The 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, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>June 30, 2022 Balance</u>
Investments by fair value level:				
Equity Securities:				
LAIF	\$ -	\$ 981,020	\$ -	\$ 981,020
Total Equity Securities	-	981,020	-	981,020
Cash:				
Deposits and cash on hand				19,562,558
Total Cash				19,562,558
Total Cash and Investments				\$ 20,543,578

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2022

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 trustees 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 trustees. 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, 2022

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, 2022, the City had the following investments:

<u>Investment Type</u>		<u>Maturity Date</u>
Local Agency Investment Fund (LAIF)	\$ 981,020	N/A
Total	<u>\$ 981,020</u>	

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that the 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, 2022

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)	\$ 981,020	N/A	\$ 981,020
Total	<u>\$ 981,020</u>		<u>\$ 981,020</u>

Concentration of Credit Risk

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

Custodial Credit Risk

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

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2022

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 uncollectible, as of June 30, 2022 consist of the following:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Disposal</u>	<u>Total</u>
Accounts receivable	\$ 528,792	\$ 564,285	\$ 313,503	\$ 1,406,580
Allowance for uncollectibles	<u>(238,430)</u>	<u>(80,914)</u>	<u>(66,036)</u>	<u>(385,380)</u>
Accounts receivable, net	<u>\$ 290,362</u>	<u>\$ 483,371</u>	<u>\$ 247,467</u>	<u>\$ 1,021,200</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2022

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.	\$ 2,602,223
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.	3,147,487
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.	83,415
Notes receivable from Parlier City employees relating to employee benefit loans. Principal and interest of 3.0% per annum are payable in monthly installments.	<u>31,583</u>
Total notes receivable	<u>\$ 14,406,870</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2022

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, 2022, 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	\$ 2,427,993	\$ -
General Fund	-	808,141
Community Development Fund	-	300,816
Disposal Fund	-	85,687
Nonmajor Funds:		
Measure Q	-	28,651
Flood Protection	-	40,525
Urban Greening	-	281,823
Policing Grants	-	354,690
Streets	-	527,660
Total	<u>\$ 2,427,993</u>	<u>\$ 2,427,993</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	\$ -	\$ 92,052
Community Development Fund	481,664	373
Local Transportation	373	65,877
Nonmajor funds		
Measure C	-	4,984
Gas Tax	-	477,667
Streets	66,864	-
Measure Q	92,052	-
Total	<u>\$ 640,953</u>	<u>\$ 640,953</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 1,727,610	\$ -	\$ -	\$ 1,727,610
Construction in progress	2,923,831	3,912,621	(1,437,257)	5,422,690
Total capital assets	4,651,441	3,912,621	(1,437,257)	7,150,300
Capital assets, being depreciated:				
Buildings and improvements	2,463,999	-	-	2,463,999
Infrastructure	10,047,805	-	1,437,257	11,485,062
Machinery and equipment	1,628,345	465,434	-	2,093,779
Total capital assets, being depreciated	14,140,149	465,434	1,437,257	16,042,840
Less accumulated depreciation for:				
Buildings and improvements	(1,413,898)	(66,535)	-	(1,480,433)
Infrastructure	(992,584)	(293,169)	-	(1,285,753)
Machinery and equipment	(1,378,652)	(164,894)	-	(1,543,546)
Total accumulated depreciation	(3,785,134)	(524,598)	-	(4,309,732)
Total capital assets, being depreciated, net	10,355,015	(59,164)	1,437,257	11,733,108
Governmental activities capital assets, net	\$ 15,006,456	\$ 3,853,457	\$ -	\$ 18,883,408
	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 2,698,136	\$ -	\$ -	\$ 2,698,136
Construction in progress	1,436,715	1,070,489	-	2,507,204
Total capital assets, not being depreciated	4,134,851	1,070,489	-	5,205,340
Capital assets, being depreciated:				
Plant and equipment	11,623,006	8,039	-	11,631,045
Total capital assets, being depreciated	11,623,006	8,039	-	11,631,045
Less: accumulated depreciation	(8,500,839)	(357,600)	-	(8,858,439)
Total capital assets, being depreciated, net	3,122,167	(349,561)	-	2,772,606
Business-type activities capital assets, net	\$ 7,257,018	\$ 720,928	\$ -	\$ 7,977,946

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 5 – CAPITAL ASSETS (Continued)

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

Governmental Activities:

General government	\$ 24,362
Public safety	169,533
Public works and development	152,878
Parks and recreation	<u>177,825</u>
Total	<u>\$ 524,598</u>

Business-Type Activities:

Water	\$ 124,091
Sewer	<u>233,509</u>
Total	<u>\$ 357,600</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, 2021	Additions	Retirements	Balance June 30, 2022	Current Portion
Governmental Activities					
<i>Direct borrowing:</i>					
Loan Payable	<u>\$ 779,473</u>	<u>\$ 431,087</u>	<u>\$ -</u>	<u>\$ 1,210,560</u>	<u>\$ 47,220</u>
Total governmental activities	<u>\$ 779,473</u>	<u>\$ 431,087</u>	<u>\$ -</u>	<u>\$ 1,210,560</u>	<u>\$ 47,220</u>
Business-Type Activities					
<i>Direct placements:</i>					
Bonds payable:					
1987 Parlier Sewer Revenue Bond	\$ 388,000	\$ -	\$ (48,000)	\$ 340,000	\$ 50,000
1994 Sewer Revenue Bond	830,000	-	(50,000)	780,000	55,000
<i>Direct borrowing:</i>					
Financed purchase:					
Vactor Truck Loan Payable	<u>180,729</u>	<u>-</u>	<u>(41,820)</u>	<u>138,909</u>	<u>43,986</u>
Total business-type activities	<u>\$1,398,729</u>	<u>\$ -</u>	<u>\$ (139,820)</u>	<u>\$ 1,258,909</u>	<u>\$ 148,986</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 6 – LONG-TERM DEBT (Continued)

Long-term debt payable at June 30, 2022 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.

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 Financed Purchase Loan Payable – The Vector Truck agreement was for \$410,288. Interest is 5.182 percent.

The annual requirements to amortize the principal and interest on all long-term debt at June 30, 2022 are as follows:

Years Ending June 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 47,220	\$ 25,414	\$ 72,634	\$ 148,986	\$ 60,569	\$ 209,555
2024	61,122	11,512	72,634	154,263	52,966	207,229
2025	61,765	10,869	72,634	115,000	42,475	157,475
2026	62,385	10,249	72,634	171,660	39,045	210,705
2027	63,010	9,624	72,634	126,000	30,300	156,300
2028-2032	324,610	38,560	363,170	453,000	74,575	527,575
2033-2037	341,243	21,927	363,170	90,000	2,250	92,250
2038-2041	249,205	5,013	254,218	-	-	-
	<u>\$1,210,560</u>	<u>\$ 133,168</u>	<u>\$ 1,343,728</u>	<u>\$ 1,258,909</u>	<u>\$ 302,180</u>	<u>\$ 1,561,089</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 6 – LONG-TERM DEBT (Continued)

Other long-term liabilities at June 30, 2022 was comprised of the following:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Current Portion
Net Pension Liability					
Governmental activities	\$ 1,603,622	\$ -	\$ (889,952)	\$ 713,670	\$ -
Business-type activities	<u>565,464</u>	<u>-</u>	<u>(291,492)</u>	<u>273,972</u>	<u>-</u>
Total net pension liability	<u>\$ 2,169,086</u>	<u>\$ -</u>	<u>\$ (1,181,444)</u>	<u>\$ 987,642</u>	<u>\$ -</u>
Compensated Absences					
Governmental activities	\$ 212,047	\$ -	\$ (38,826)	\$ 173,221	\$ 51,966
Business-type activities	<u>62,252</u>	<u>10,691</u>	<u>-</u>	<u>72,943</u>	<u>21,883</u>
Total compensated absences	<u>\$ 274,299</u>	<u>\$ 10,691</u>	<u>\$ (38,826)</u>	<u>\$ 246,164</u>	<u>\$ 73,849</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, 2022:

Governmental Funds:	
General	\$ (297,429)
Non-major Governmental Funds:	
Measure Q	\$ (68,418)
Landscape Maintenance	\$ (3,858)
Enterprise Funds:	
Disposal	\$ (156,569)

The deficit net position in all funds is 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, 2022

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, 2022 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	10.340%	7.590%
	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%	11.130%

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2022

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, 2022, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Contributions - employer	\$ 254,825	\$ 195,051
Contributions - employee	\$ 128,656	\$ 98,050

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

As of June 30, 2022, 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	\$ 619,145
Safety	<u>368,497</u>
Total Net Pension Liability	<u>\$ 987,642</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, 2021, 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, 2020, rolled forward to June 30, 2021, 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, 2021 and 2022 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2021	0.03030%	0.01338%
Proportion - June 30, 2022	<u>0.03261%</u>	<u>0.01050%</u>
Change - Increase (Decrease)	<u>0.00231%</u>	<u>-0.00288%</u>

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2022

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, 2022, the City recognized pension expense of \$220,617. At June 30, 2022, 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	\$ 449,876	\$ -
Differences between expected and actual experience	132,388	-
Differences between employer's contributions and proportionate share of contributions	19,496	(52,453)
Change in employer's proportion	170,657	-
Differences between projected and actual investment earnings	-	(759,808)
Total	<u>\$ 772,417</u>	<u>\$ (812,261)</u>

\$449,876 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, 2022. 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	
2023	\$ (51,906)
2024	(86,121)
2025	(141,974)
2026	(209,717)
Thereafter	-

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 8 – PENSION PLAN (Continued)

C. Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2021 measurement period was determined by an actuarial valuation as of June 30, 2020, with updated procedures used to roll forward the total pension liability to June 30, 2021. The collective total pension liability was based on the following assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2021
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, 2022

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, 2021.

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2022

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	1.00%	0.00%	-92.00%
Total	100.00%		

(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	\$ 1,441,032	\$ 992,273
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 619,145	\$ 368,497
1% Increase	8.15%	8.15%
Net Pension Liability	\$ (60,297)	\$ (143,857)

CITY OF PARLIER

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2022

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, 2022, the City did not have a payable for an outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

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, 2022

NOTE 11 – UNCOLLECTIBLE LOAN RECEIVABLE

As of June 30, 2022, 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, 2022 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 of collecting 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 September 20, 2023, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2022 that required recognition or disclosure in such financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PARLIER

BUDGETARY COMPARISON SCHEDULE GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2022

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 3,816,500	\$ 3,816,500	\$ 3,594,263	\$ (222,237)
Intergovernmental	326,793	326,793	343,062	16,269
Charges for services	204,100	204,100	145,779	(58,321)
Licenses and permits	500,600	500,600	366,505	(134,095)
Fines and forfeitures	39,000	39,000	26,461	(12,539)
Interest and rent	61,000	61,000	71,619	10,619
Other	32,300	32,300	106,577	74,277
Total revenues	<u>4,980,293</u>	<u>4,980,293</u>	<u>4,654,266</u>	<u>(326,027)</u>
EXPENDITURES				
Current:				
General government	569,597	569,597	504,579	65,018
Public safety	3,105,764	3,105,764	2,959,157	146,607
Public works	47,583	47,583	84,213	(36,630)
Community development	425,871	425,871	325,387	100,484
Parks and recreation	232,665	232,665	259,682	(27,017)
Capital outlay	-	-	706,185	(706,185)
Total expenditures	<u>4,381,480</u>	<u>4,381,480</u>	<u>4,839,203</u>	<u>(457,723)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>598,813</u>	<u>598,813</u>	<u>(184,937)</u>	<u>(783,750)</u>
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	431,987	431,987
Transfers out	-	-	(92,052)	(92,052)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>339,935</u>	<u>339,935</u>
Net change in fund balance	<u>\$ 598,813</u>	<u>\$ 598,813</u>	154,998	<u>\$ (443,815)</u>
Fund balance - beginning			(452,427)	
Fund balance - ending			<u>\$ (297,429)</u>	

CITY OF PARLIER

BUDGETARY COMPARISON SCHEDULE HOUSING GRANT FUND FOR THE YEAR ENDED JUNE 30, 2022

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 174,338	\$ 174,338	\$ 157,323	\$ (17,015)
Loan repayments	<u>63,186</u>	<u>63,186</u>	<u>150,932</u>	<u>87,746</u>
Total revenues	<u>237,524</u>	<u>237,524</u>	<u>308,255</u>	<u>70,731</u>
EXPENDITURES				
Current:				
Community development	<u>146,405</u>	<u>146,405</u>	<u>221,629</u>	<u>(75,224)</u>
Total expenditures	<u>146,405</u>	<u>146,405</u>	<u>221,629</u>	<u>(75,224)</u>
Net change in fund balance	<u>\$ 91,119</u>	<u>\$ 91,119</u>	86,626	<u>\$ (4,493)</u>
Fund balance - beginning			<u>195,561</u>	
Fund balance - ending			<u>\$ 282,187</u>	

CITY OF PARLIER

BUDGETARY COMPARISON SCHEDULE COMMUNITY DEVELOPMENT FUND FOR THE YEAR ENDED JUNE 30, 2022

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 982,709	\$ 982,709	\$ 1,069,511	\$ 86,802
Other	-	-	61,107	61,107
Total revenues	<u>982,709</u>	<u>982,709</u>	<u>1,130,618</u>	<u>147,909</u>
EXPENDITURES				
Current:				
Public works	93,706	93,706	3,066	90,640
Community Development	483,189	483,189	194,783	288,406
Capital outlay	<u>642,618</u>	<u>642,618</u>	<u>1,441,616</u>	<u>(798,998)</u>
Total expenditures	<u>1,219,513</u>	<u>1,219,513</u>	<u>1,639,465</u>	<u>(419,952)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(236,804)</u>	<u>(236,804)</u>	<u>(508,847)</u>	<u>(272,043)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	481,664	481,664
Transfers out	<u>-</u>	<u>-</u>	<u>(373)</u>	<u>(373)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>481,291</u>	<u>481,291</u>
Net change in fund balances	<u>\$ (236,804)</u>	<u>\$ (236,804)</u>	<u>(27,556)</u>	<u>\$ 209,248</u>
Fund balances - beginning			<u>181,316</u>	
Fund balance - ending			<u>\$ 153,760</u>	

CITY OF PARLIER

BUDGETARY COMPARISON SCHEDULE LOCAL TRANSPORTATION FUND FOR THE YEAR ENDED JUNE 30, 2022

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 570,830	\$ 570,830	\$ 744,529	\$ 173,699
Interest	<u>2,600</u>	<u>2,600</u>	<u>1,769</u>	<u>(831)</u>
Total revenues	<u>573,430</u>	<u>573,430</u>	<u>746,298</u>	<u>172,868</u>
EXPENDITURES				
Current:				
Public works	<u>1,584,040</u>	<u>1,584,040</u>	<u>77,827</u>	<u>1,506,213</u>
Total expenditures	<u>1,858,924</u>	<u>1,858,924</u>	<u>698,253</u>	<u>1,160,671</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,285,494)</u>	<u>(1,285,494)</u>	<u>48,045</u>	<u>1,333,539</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	373	373
Transfer out	<u>-</u>	<u>-</u>	<u>(65,877)</u>	<u>(65,877)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(65,504)</u>	<u>(65,504)</u>
Net change in fund balances	<u>\$ (1,285,494)</u>	<u>\$ (1,285,494)</u>	<u>(17,459)</u>	<u>\$ 1,268,035</u>
Fund balance - beginning			<u>2,830,478</u>	
Fund balance - ending			<u>\$ 2,813,019</u>	

CITY OF PARLIER

BUDGETARY COMPARISON SCHEDULE DAY CARE FUND FOR THE YEAR ENDED JUNE 30, 2022

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,058,382	\$ 1,058,382	\$ 1,035,862	\$ (22,520)
Charges for services	18,000	18,000	-	(18,000)
Other	250	250	1,500	1,250
Total revenues	<u>1,076,632</u>	<u>1,076,632</u>	<u>1,037,362</u>	<u>(39,270)</u>
EXPENDITURES				
Current:				
Day care	<u>922,866</u>	<u>922,866</u>	<u>991,569</u>	<u>(68,703)</u>
Total expenditures	<u>922,866</u>	<u>922,866</u>	<u>991,569</u>	<u>(68,703)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>153,766</u>	<u>153,766</u>	<u>45,793</u>	<u>(107,973)</u>
Net change in fund balances	<u>\$ 153,766</u>	<u>\$ 153,766</u>	45,793	<u>\$ (107,973)</u>
Fund balances - beginning			<u>25,574</u>	
Fund balance - ending			<u>\$ 71,367</u>	

CITY OF PARLIER

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2022

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, 2022, 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>			
Public works	47,583	84,213	(36,630)
Parks and recreation	232,665	259,682	(27,017)
Capital outlay	-	706,185	(706,185)
<i>Housing Grants Special Revenue Fund</i>			
Community development	146,405	221,629	(75,224)
<i>Local Transportation Special Revenue Fund</i>			
Capital outlay	274,884	620,426	(345,542)
<i>Day Care Special Revenue Fund</i>			
Day care	922,866	991,569	(68,703)
<i>Community Development</i>			
Capital outlay	642,618	1,441,616	(798,998)

CITY OF PARLIER

PROPORTIONATE SHARE OF NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2022 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	\$ 1,411,803	90.51%	\$ 4,473,929	77.78%
Safety	0.0134%	\$ 891,203	\$ 977,513	91.17%	\$ 3,354,038	79.01%
2022						
Miscellaneous	0.0303%	\$ 619,145	\$ 1,879,240	32.95%	\$ 5,605,815	90.05%
Safety	0.0105%	\$ 368,497	\$ 964,315	38.21%	\$ 4,265,492	92.05%

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

CITY OF PARLIER

SCHEDULE OF CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2022 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)	\$ -	\$ 1,411,803	12.71%
Safety	\$ 187,906	\$ (187,906)	\$ -	\$ 977,513	19.22%
2022					
Miscellaneous	\$ 227,299	\$ (227,299)	\$ -	\$ 1,879,240	12.10%
Safety	\$ 177,164	\$ (177,164)	\$ -	\$ 964,315	18.37%

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

SUPPLEMENTARY INFORMATION

CITY OF PARLIER

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2022

	Special Revenue Funds			
	Gas Tax	Measure C	Landscape Maintenance	Measure Q
ASSETS				
Cash and investments	\$ 1,063,681	\$ 2,121,028	\$ 2,347	\$ -
Due from other governments	26,985	38,484	-	-
Interest receivable	<u>114</u>	<u>168</u>	<u>4</u>	<u>-</u>
Total assets	<u>\$ 1,090,780</u>	<u>\$ 2,159,680</u>	<u>\$ 2,351</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 69,615	\$ 8,519	\$ 6,209	\$ 39,767
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,651</u>
Total liabilities	<u>69,615</u>	<u>8,519</u>	<u>6,209</u>	<u>68,418</u>
FUND BALANCES (DEFICITS)				
Restricted:				
Public safety	-	-	-	-
Public works	1,021,165	2,151,161	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(3,858)</u>	<u>(68,418)</u>
Total fund balances (deficits)	<u>1,021,165</u>	<u>2,151,161</u>	<u>(3,858)</u>	<u>(68,418)</u>
Total liabilities and fund balances	<u>\$ 1,090,780</u>	<u>\$ 2,159,680</u>	<u>\$ 2,351</u>	<u>\$ -</u>

CITY OF PARLIER

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED) JUNE 30, 2022

	Special Revenue Funds			
	Policing Grants	SB1	Urban Greening	Street Grants
ASSETS				
Cash and investments	\$ -	\$ 965,115	\$ -	\$ -
Due from other governments	378,111	6,603	315,747	565,042
Interest receivable	-	54	-	-
	<u>-</u>	<u>54</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 378,111</u>	<u>\$ 971,772</u>	<u>\$ 315,747</u>	<u>\$ 565,042</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 19,775	\$ -	\$ 33,924	\$ 37,382
Due to other funds	<u>354,690</u>	<u>-</u>	<u>281,823</u>	<u>527,660</u>
Total liabilities	<u>374,465</u>	<u>-</u>	<u>315,747</u>	<u>565,042</u>
FUND BALANCES (DEFICITS)				
Restricted:				
Public safety	3,646	-	-	-
Public works	-	971,772	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>3,646</u>	<u>971,772</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 378,111</u>	<u>\$ 971,772</u>	<u>\$ 315,747</u>	<u>\$ 565,042</u>

CITY OF PARLIER

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED) JUNE 30, 2022

	Special Revenue Fund	Capital Project Fund	Total Nonmajor Governmental Funds
	Flood Protection	Development Impact Fees	
ASSETS			
Cash and investments	\$ -	\$ 318,195	\$ 4,470,366
Due from other governments	72,133	-	1,403,105
Interest receivable	-	23	363
Total assets	<u>\$ 72,133</u>	<u>\$ 318,218</u>	<u>\$ 5,873,834</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 31,608	\$ -	\$ 246,799
Due to other funds	<u>40,525</u>	<u>-</u>	<u>1,233,349</u>
Total liabilities	<u>72,133</u>	<u>-</u>	<u>1,480,148</u>
FUND BALANCES (DEFICITS)			
Restricted:			
Public safety	-	-	3,646
Public works	-	318,218	4,462,316
Unassigned	<u>-</u>	<u>-</u>	<u>(72,276)</u>
Total fund balances (deficits)	<u>-</u>	<u>318,218</u>	<u>4,393,686</u>
Total liabilities and fund balances	<u>\$ 72,133</u>	<u>\$ 318,218</u>	<u>\$ 5,873,834</u>

CITY OF PARLIER

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			
	Gas Tax	Measure C	Landscape Maintenance	Measure Q
REVENUES				
Taxes	\$ -	\$ -	\$ 55,703	\$ 510,179
Intergovernmental	369,823	564,524	-	-
Licenses, permits and impact fees	-	-	-	-
Interest and rent	751	2,296	96	789
Total revenues	370,574	566,820	55,799	510,968
EXPENDITURES				
Current				
Public safety	-	-	-	383,213
Public works	311,699	1,094,828	84,223	-
Capital outlay	-	-	-	190,336
Total expenditures	311,699	1,094,828	84,223	573,549
Excess (deficiency) of revenues over (under) expenditures	58,875	(528,008)	(28,424)	(62,581)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	92,052
Transfers out	(477,667)	(4,984)	-	-
Total other financing sources (uses)	(477,667)	(4,984)	-	92,052
Net change in fund balances	(418,792)	(532,992)	(28,424)	29,471
Fund balances - beginning	1,439,957	2,684,153	24,566	(97,889)
Fund balances - ending	\$ 1,021,165	\$ 2,151,161	\$ (3,858)	\$ (68,418)

CITY OF PARLIER

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			
	Policing Grants	SB1	Urban Greening	Street Grants
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	314,302	312,228	306,839	489,945
Licenses, permits and impact fees	-	-	-	-
Interest and rent	-	356	-	-
Total revenues	314,302	312,584	306,839	489,945
EXPENDITURES				
Current				
Public safety	310,656	-	-	-
Public works	-	-	-	525
Capital outlay	-	11,331	306,839	565,739
Total expenditures	310,656	11,331	306,839	566,264
Excess (deficiency) of revenues over (under) expenditures	3,646	301,253	-	(76,319)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	66,864
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	66,864
Net change in fund balances	3,646	301,253	-	(9,455)
Fund balances - beginning	-	670,519	-	9,455
Fund balances - ending	\$ 3,646	\$ 971,772	\$ -	\$ -

CITY OF PARLIER

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Fund	Capital Project Fund	Total Nonmajor Governmental Funds
	Flood Protection	Development Impact Fees	
REVENUES			
Taxes	\$ -	\$ -	\$ 565,882
Intergovernmental	72,133	-	2,429,794
Licenses, permits and impact fees	-	8,751	8,751
Interest and rent	-	179	4,467
Total revenues	72,133	8,930	3,008,894
EXPENDITURES			
Current			
Public safety	-	-	693,869
Public works	72,133	-	1,563,408
Capital outlay	-	-	1,074,245
Total expenditures	72,133	-	3,331,522
Excess (deficiency) of revenues over (under) expenditures	-	8,930	(322,628)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	158,916
Transfers out	-	-	(482,651)
Total other financing sources (uses)	-	-	(323,735)
Net change in fund balances	-	8,930	(646,363)
Fund balances - beginning	-	309,288	5,040,049
Fund balances - ending	\$ -	\$ 318,218	\$ 4,393,686

***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, 2022

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	20-CDBG-CV2-3-00138	\$ 36,448
Community Development Block Grant	14.228	20-CDBG-12050/PTAM	48,817
Community Development Block Grant	14.228	CDBG-CV1-00111	65,903
Community Development Block Grant	14.228	20-CDBG-12047/CFDA	183,170
Community Development Block Grant	14.228	20-CDBG-CV2-3-00315	282,216
Home Investment Partnership Program	14.239	16-HOME-11378	41,000
Total U.S. Department of Housing and Urban Development			<u>657,554</u>
<u>U.S. Department of Justice</u>			
Passed through the California Department of Justice:			
Community Policing Grant	16.710	2020-UM-WX-00	84,682
Direct award:			
Bullet Proof Vest Program	16.607	N/A	3,009
Total U.S. Department of Justice			<u>87,691</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(026)	1,024,384
Congestion Mitigation and Air Quality Agreement	20.205	CML-5252(028)	16,367
Active Transportation Program	20.205	ATPL-5252(030)	193,251
Active Transportation Program	20.205	ATPL-5252(031)	28,324
Regional Surface Transportation Program	20.205	RSTP-5252(029)	328,322
Total U.S. Department of Transportation			<u>1,590,648</u>
<u>U.S. Department of Treasury</u>			
Passed through the California Department of Coronavirus Fiscal Recovery:			
Cornavirus	21.027	20-1892-0-1-806	559,078
Total U.S. Department of Treasury			<u>559,078</u>
Total Federal Expenditures			<u>\$ 2,894,971</u>

CITY OF PARLIER

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2022

<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-1069	\$ <u>1,037,081</u>
Total California Department of Education			<u>1,037,081</u>
Total State Expenditures			<u>1,037,081</u>
Total Federal and State Expenditures			<u>\$ 3,932,052</u>

CITY OF PARLIER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

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, each major fund, and the aggregate remaining fund information of City of Parlier (the "City"), California, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 20, 2023.

Report on 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 entity'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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

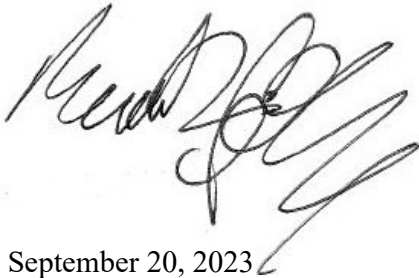
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2022-002.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

September 20, 2023

**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

Opinion on Each Major Federal Program

We have audited City of Parlier (the "City"), California's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 'M. J. [unclear]', is written over the date.

September 20, 2023

CITY OF PARLIER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

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?

X yes _____ no

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?

X yes _____ no

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

Unmodified

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

X yes _____ no

Identification of Major Programs

CFDA Number

14.228

Name of Federal Program or Cluster

Community Development Block Grant

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

\$750,000

Auditee qualified as a low-risk auditee?

X yes _____ no

CITY OF PARLIER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

B. Findings – Financial Statements Audit

Finding 2022-001

Accounting Oversight (Significant Deficiency)

Condition:

The Finance Department does not have adequate oversight over all aspects of the accounting functions, including cash management, recording of year end accruals and the development of internal controls. A strong system of internal controls and management review requires that general ledger account balances be properly reconciled to a subsidiary ledger or other adequate supporting documentation on a periodic basis, as well as during the year-end financial close process in order to accurately and completely close the current year general ledger in a timely manner. Management is responsible for maintaining its accounting records in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Criteria:

A strong system of internal controls and management review requires that there is adequate oversight of the financial and accounting activity and maintenance of all financial records throughout the City.

Cause:

The Finance Department does not have adequate controls in place over the general accounting procedures including timely reconciliation of accounts and recording of year-end accruals. The City's accountants were relatively new to the City and, in addition to the demands of closing a City's general ledger, there were numerous other financial statement, compliance, and control environment matters to resolve that were inherited from accounting errors and decisions made in previous fiscal years.

Effect:

Inadequate Finance Department oversight over all aspects of the City's accounting, including the collection of cash and the development of internal controls, could result in a misappropriation of assets, material accounting errors, reporting delays, and/or noncompliance with grant agreements.

Recommendation:

We recommend that the Finance Department be provided the responsibility for the accounting, development of internal controls, and cash management over all aspects of the City's fiscal operations. We also recommend the City create a closing checklist to assist with the preparation of audit schedules that are complete, accurate, and reconcile to the City's general ledger account balances. Additionally, ensure that a system is in place to allow the City to perform this in a timely manner.

CITY OF PARLIER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

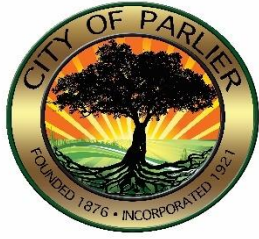
C. Findings and Questioned Costs – Major Federal Award Programs Audit

<u>Finding 2022-002</u>	Business Loans/Loan Compliance (Significant Deficiency) Federal Award Information: Assistance Listing Number: 14.228 Program Title: Community Development Block Grant Federal Award Year(s): Fiscal Year 2021-22 Name of Federal Agency: U.S. Department of Housing and Urban Development Passed through: California Department of Housing and Community Development
Condition:	We noted that one business loan issued during the fiscal year did not have records verifying employee retention.
Criteria:	The City was unable to provide compliance supporting documentation of the one business loan for the year ended June 30, 2022, specifically verification of employee retention.
Cause:	Lack of internal controls over compliance requirements for federal expenditures.
Effect:	Adequate supporting documentation of outstanding loans are not being effectively maintained and archived by City's personnel.
Context:	The City was unable to provide verification of employee retention.
Repeat Finding:	This is a new finding for the fiscal year ended June 30, 2022.
Questioned Costs:	\$30,500
Recommendation:	We recommend that the City monitors each loan to ensure that the City maintains the most up-to-date information, and remains in compliance with all necessary requirements of the loan program.

CITY OF PARLIER

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2022

No items to report.



RESPONSE TO FY 21-22 AUDIT FINDINGS

Finding Number	Finding	Corrective Action Plan	Anticipated Completion Date	Responsible Contract Person
2022-001	Accounting Oversight	<p>New staff management over the last fiscal year resulted in a delay of closing the books.</p> <p>We are in process of building up our Finance team who will be responsible for maintaining its accounting records in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). We will establish a closeout process and prepare reconciliation tables and schedules in accordance with the auditor's recommendation and ensure that all transactions are complete, accurate, and reconcile to the City's general ledger account balances.</p>	In Progress	Sonia Hall
2022-002	Material Weakness	<p>The city staff managing the business loan will receive training on the job duties, with oversight from the Sr. Revenue Manager. The city is monitoring each loan to ensure that we're up-to-date with information, and remain in compliance with all necessary requirements of the loan program.</p>	In progress	Sonia Hall

Sonia Hall
City Manager