

**CITY OF CHOWCHILLA
CALIFORNIA**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2021**

**CITY OF CHOWCHILLA
JUNE 30, 2021**

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JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, schedule of the City's proportionate share of the net pension liability, and schedule of contributions information on pages 3–10, 64–67, 69, and 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements 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 March 29, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the City's internal control over financial reporting and compliance.

Price Page & Company

Clovis, California
March 29, 2022

**CITY OF CHOWCHILLA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

As management of the City of Chowchilla, we offer readers of the City of Chowchilla's financial statements this narrative overview and analysis of the financial activities of the City of Chowchilla for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with information that is included within the financial statements.

FINANCIAL HIGHLIGHTS

The assets of the City of Chowchilla exceeded its liabilities as of June 30, 2021 by \$50,470,293. Of this amount, unrestricted deficit net position of \$13,520,877 may be used to meet the City's ongoing obligations to citizens and creditors. As of June 30, 2020, the assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$45,663,275 with unrestricted deficit net position totaling \$14,260,564.

Total net position increased by \$4,807,018 during the year ended June 30, 2021. Net position associated with governmental activities increased by \$4,351,542 while net position associated with business-type activities increased by \$455,476. For the year ended June 30, 2020, total net position increased by \$2,207,847 with net position associated with governmental activities increasing by \$1,995,267 and net position associated with business-type activities increasing by \$212,580.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$21,623,324 an increase of \$5,265,158 compared with the prior year. Of this amount, \$5,710,941 is available for spending and \$15,912,383 is restricted or otherwise designated for specific future uses. For the year ended June 30, 2020, the City's governmental funds had combined ending fund balances of \$16,358,166, with \$3,433,827 being available for spending and \$12,924,339 restricted for specific future uses. The combined ending fund balances as of June 30, 2020 represented an increase of \$2,291,404 over the June 30, 2019 combined ending fund balances.

At the end of the current fiscal year, the fund balance for the general fund was \$7,129,168 or 107 percent of general fund operating expenditures for the year ended June 30, 2021. The general fund's fund balance increased by \$1,673,870 for the year ended June 30, 2021. At the end of the prior fiscal year, the fund balance of the general fund was \$5,455,298 or 85 percent of that year's general fund operating expenditures. The general fund's fund balance increased by \$538,334 during the prior year.

The City's total debt obligations (excluding post-retirement benefits) decreased by \$1,032,447. This was attributable to not issuing any new debt in FY 2021 and making our scheduled principle payments on pre-existing debt. During the prior year, total debt obligations decreased by \$646,487.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Chowchilla's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expense are reported in this statement for some items that will result in cash flows in future fiscal periods.

**CITY OF CHOWCHILLA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, culture and recreation, community development and other charges. The business-type activities of the City include water, sewer, storm drain and solid waste disposal systems, as well as airport activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balance provide reconciliations to facilitate this comparison between the two.

The City maintains 43 individual governmental funds. Many funds are grouped together by purpose or type for financial reporting purposes. There are 16 governmental funds presented for financial statement purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and changes in fund balance for the general fund which is considered a major fund, three special revenue funds, one debt service fund and one capital projects fund which are presented separately for the purpose of consistency. Data from the other ten special revenue funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for its general fund and all special revenue funds. Budgetary comparison statements have been provided for the general fund and the major special revenue funds to demonstrate compliance with the 2020/2021 budget.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains five individual enterprise funds. Information is presented separately in the proprietary statement of net position and the proprietary statement of revenue, expense and changes in fund net position for all five enterprise funds.

An internal service fund is used to accumulate and allocate costs internally among the City's various functions. The City uses two internal service funds to account for its fleet maintenance and information technology activities. These funds costs are allocated amongst all funds that use those services, both governmental and business-type, so the funds themselves are excluded in the government-wide financial statements, but are presented separately in the proprietary funds' financial statements.

**CITY OF CHOWCHILLA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. The combining statements referred to earlier in connection with the non-major funds are presented after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2021, the City's assets exceeded liabilities by \$50,470,293. A significant portion of the City's net position (51 percent) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following schedules represent a summary of the City's net position and activities for the year ended June 30, 2021, with a comparison to the total net position and activities for the year ended June 30, 2020:

**Statements of Net Position
June 30, 2021 and 2020**

	Governmental Activities		Business-Type Activities		Totals	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Assets						
Current and other assets	\$ 46,199,686	\$ 40,429,057	\$ 7,415,730	\$ 7,295,728	\$ 53,615,416	\$ 47,724,785
Capital assets	19,947,279	20,636,882	24,645,473	24,572,918	44,592,752	45,209,800
Total assets	<u>66,146,965</u>	<u>61,065,939</u>	<u>32,061,203</u>	<u>31,868,646</u>	<u>98,208,168</u>	<u>92,934,585</u>
Deferred Outflows of Resources	<u>5,027,390</u>	<u>6,789,107</u>	<u>756,982</u>	<u>1,035,084</u>	<u>5,784,372</u>	<u>7,824,191</u>
Liabilities						
Long-term liabilities	29,064,079	29,115,722	14,689,463	14,968,857	43,753,542	44,084,579
Other liabilities	3,929,104	3,638,714	552,876	598,728	4,481,980	4,237,442
Total liabilities	<u>32,993,183</u>	<u>32,754,436</u>	<u>15,242,339</u>	<u>15,567,585</u>	<u>48,235,522</u>	<u>48,322,021</u>
Deferred Inflows of Resources	<u>4,582,654</u>	<u>5,853,634</u>	<u>704,071</u>	<u>919,846</u>	<u>5,286,725</u>	<u>6,773,480</u>
Net Position						
Net investment in capital assets	12,617,178	12,921,936	13,346,651	13,011,978	25,963,829	25,933,914
Restricted	38,027,341	33,989,925	-	-	38,027,341	33,989,925
Unrestricted (deficit)	<u>(17,046,001)</u>	<u>(17,664,885)</u>	<u>3,525,124</u>	<u>3,404,321</u>	<u>(13,520,877)</u>	<u>(14,260,564)</u>
Total net position	<u>\$ 33,598,518</u>	<u>\$ 29,246,976</u>	<u>\$ 16,871,775</u>	<u>\$ 16,416,299</u>	<u>\$ 50,470,293</u>	<u>\$ 45,663,275</u>

**CITY OF CHOWCHILLA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

**Statements of Activities
For the Years Ended June 30, 2021 and 2020**

	Governmental Activities		Business-Type Activities		Totals	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Revenues:						
Program revenues:						
Charges for services	\$ 1,397,085	\$ 784,398	\$ 6,422,981	\$ 5,660,638	\$ 7,820,066	\$ 6,445,036
Operating grants and contributions	3,772,425	2,443,023	4,229	25,000	3,776,654	2,468,023
Capital grants and contributions	406,021	668,036	116,054	95,686	522,075	763,722
General revenues:						
Property taxes	1,018,041	1,050,743	18,514	16,536	1,036,555	1,067,279
Sales taxes	4,428,313	3,601,979	-	-	4,428,313	3,601,979
Transient lodging taxes	288,647	248,830	-	-	288,647	248,830
Franchises fees	287,979	275,844	-	-	287,979	275,844
Documentary stamp	72,413	21,321	-	-	72,413	21,321
Motor vehicle in lieu - unrestricted	2,339,898	2,207,895	-	-	2,339,898	2,207,895
Investment earnings	490,653	638,484	26,810	88,742	517,463	727,226
Rental income	107,764	172,810	-	-	107,764	172,810
Miscellaneous	329,181	177,941	278,431	123,272	607,612	301,213
Gain/loss on sale of capital assets	-	13,628	15,300	4,180	15,300	17,808
Total revenues	<u>14,938,420</u>	<u>12,304,932</u>	<u>6,882,319</u>	<u>6,014,054</u>	<u>21,820,739</u>	<u>18,318,986</u>
Expenses:						
General government	876,676	1,103,928	-	-	876,676	1,103,928
Public safety	5,266,802	5,017,525	-	-	5,266,802	5,017,525
Highways and streets	1,655,230	1,513,009	-	-	1,655,230	1,513,009
Culture and recreation	797,281	759,594	-	-	797,281	759,594
Community development	1,128,128	746,945	-	-	1,128,128	746,945
Interest and fiscal charges	1,034,755	1,054,203	-	-	1,034,755	1,054,203
Water	-	-	2,918,098	2,676,035	2,918,098	2,676,035
Solid waste	-	-	1,734,398	1,481,993	1,734,398	1,481,993
Sewer	-	-	1,726,879	1,516,384	1,726,879	1,516,384
Airport	-	-	46,186	175,779	46,186	175,779
Storm drain	-	-	46,282	65,744	46,282	65,744
Total expenses	<u>10,758,872</u>	<u>10,195,204</u>	<u>6,471,843</u>	<u>5,915,935</u>	<u>17,230,715</u>	<u>16,111,139</u>
Transfers	<u>(45,000)</u>	<u>(114,461)</u>	<u>45,000</u>	<u>114,461</u>	<u>-</u>	<u>-</u>
Changes in net position	4,134,548	1,995,267	455,476	212,580	4,590,024	2,207,847
Net position at beginning of year	29,246,976	27,251,709	16,416,299	16,203,719	45,663,275	43,455,428
Prior period adjustments	216,994	-	-	-	216,994	-
Net position at end of year	<u>\$ 33,598,518</u>	<u>\$ 29,246,976</u>	<u>\$ 16,871,775</u>	<u>\$ 16,416,299</u>	<u>\$ 50,470,293</u>	<u>\$ 45,663,275</u>

Governmental activities. Governmental activities increased the City's net position by \$4,134,548 (an increase of \$2,139,281 compared to the prior year). This was due primarily to an increase in sales tax revenue from Measure N.

Business-type activities. Business-type activities increased the City's net position by \$455,476 (an increase of \$242,896 compared to the prior year).

**CITY OF CHOWCHILLA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Chowchilla uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The purpose of the City's governmental fund financial statements is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, an unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2021, the City's governmental funds reported combined ending fund balances of \$21,623,324, an increase of \$5,265,158 in comparison to the prior year. Of this amount, \$5,710,941 (26 percent) was unassigned, which is available for spending at the City's discretion. The remainder of the fund balance is assigned to indicate that it is not available for new spending because it has already been designated to liquidate contracts and purchase orders of the prior period or cover the next year budget deficit (\$782,255), restricted by external entities (\$14,601,430) or non-spendable because the assets that will not be converted to cash within the next twelve months (\$528,698).

The general fund is the City's chief operating fund. At the end of the current fiscal year, the spendable portion of the fund balance of the general fund was \$5,818,215 while the total fund balance was \$7,129,168. As a measure of the general fund's liquidity, it may be useful to compare both the spendable portion of the fund balance and total fund balance to total fund expenditures. Spendable portion of the fund balance represents 87 percent of total general fund operating expenditures, while total fund balance represents 107 percent of the same amount.

The fund balance of the City's general fund increased by \$1,673,870 during the year ended June 30, 2021. Expenditures increased by 1% and revenue increased by 19% resulting in an excess of revenues over expenditures of \$2,321,112. There was \$456,998 transferred from other funds to the general fund and \$1,321,234 transferred from the general fund to other funds.

Major Special Revenue funds have a combined fund balance of \$7,646,218. All is restricted by external entities for various activities.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary funds was \$3,590,203 as of June 30, 2021. The total increase in the net position of the proprietary funds was \$380,748 for the year. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund final budgeted expenditures were greater than the original budgeted expenditures by \$1,128,947. Actual expenditures were \$1,857,099 less than final budgeted expenditures. Final anticipated revenue was \$490,808 greater than original anticipated revenue. Actual total revenue was \$866,193 more than the final anticipated revenue. These numbers represent original City budget information and is not necessarily reflective of the activity reported in the budgetary comparison schedules. Management believes this information is the most accurate and useful for the users of the financial statements.

The large decrease in actual expenditures versus final budgeted expenditures is due to some projects being budgeted that were put on hold due to COVID-19.

**CITY OF CHOWCHILLA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's total capital assets for its governmental and business-type activities as of June 30, 2021 amounted to \$44,592,752 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, service lines, automobiles, equipment and streetlights. In addition, all sidewalks, bridges and roads within the city limits belong to the City.

**City of Chowchilla's Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 721,926	\$ 721,926	\$ 2,030,152	\$ 2,030,152	\$ 2,752,078	\$ 2,752,078
Construction in progress	464,428	390,153	2,888,780	2,767,040	3,353,208	3,157,193
Land improvements	479,187	553,832	417,705	454,976	896,892	1,008,808
Building improvements	4,590,975	4,789,743	2,253,871	2,332,805	6,844,846	7,122,548
Machinery, equipment and vehicles	2,587,002	2,516,497	857,872	253,174	3,444,874	2,769,671
Infrastructure	11,103,761	11,664,732	16,197,093	16,734,773	27,300,854	28,399,505
Total	\$ 19,947,279	\$ 20,636,883	\$ 24,645,473	\$ 24,572,920	\$ 44,592,752	\$ 45,209,803

Major capital asset events during the year ended June 30, 2021 included the following:

- Various infrastructure improvements amounted to \$381,124
- Vehicles, machinery and equipment acquisitions amounted to \$1,010,705

Additional information on the City's capital assets can be found in note six.

Long-term liabilities. As of June 30, 2021, the City had \$43,753,542 in outstanding long-term debt consisting of five revenue bond issues (\$18,613,000), two loans from the State of California (\$12,638,307), one certificates of participation (\$70,000), one Pension Obligation Bond (\$10,155,000), unfunded pension obligation (\$1,290,678), net unamortized bond premiums/discounts (\$559,813) and compensated absences (\$426,744). The revenue bonds are obligations of the water, sewer, general and streets and roads funds. Principal payments on the revenue bonds during the year reduced the amount owed by \$457,147. The certificates of participation (COP's) are an obligation of the water funds. Principal payments on the COP's during the year reduced the amount owed by \$70,000. There was a \$160,300 principal decrease in the loans payable to the State of California for the completion of the city-wide water meter upgrade project which is an obligation of the water fund.

The City's total debt obligations (including post-retirement benefits) decreased by \$331,037. The Pension Obligation Bonds that were issued of \$10,155,000 were used to pay down the Unfunded Liability. Compensated absences payable increased by \$13,785 during the year.

City of Chowchilla's Outstanding Bonds, Certificates of Participation and Loans

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Bonds	\$ 17,528,000	\$ 18,220,147	\$ 11,240,000	\$ 11,350,000	\$ 28,768,000	\$ 29,570,147
Certificates of Participation	-	-	70,000	140,000	70,000	140,000
Loans	9,913,215	9,913,215	2,725,092	2,885,392	12,638,307	12,798,607
Total	\$ 27,441,215	\$ 28,133,362	\$ 14,035,092	\$ 14,375,392	\$ 41,476,307	\$ 42,508,754

Additional information on the City's long-term liabilities can be found in notes seven, eight and nine.

**CITY OF CHOWCHILLA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City continues to focus on maintaining a balanced budget and forecasting the needed resources to provide efficient and effective levels of service to the public. The City Council and staff continue to follow a conservative approach to the public's finances. Various economic outlook indicators in California, such as COVID-19 related financial impacts, requires Chowchilla and most public agencies in California to look at multi-year budget projections and prepare for possible outcomes of the future. FY 20/21 had a lot of uncertainty with revenues due to COVID-19. Preliminary analysis with our sales tax consultants showed a projected 20% reduction in sales tax revenues. Fortunately, that was not what happened and we remained constant with prior year revenues. FY 21/22 has a much better outlook on revenues for Chowchilla and we believe we have successfully weathered the COVID-19 financial storm. Due to the City Council approving a conservative budget and dedication to building reserve levels in the past few years, Chowchilla positioned itself well for any negative COVID-19 impacts.

This conservative fiscal position does not mean that future goals and objectives are put aside, but rather, that each dollar spent is leveraged to its maximum so that we can continue to aggressively pursue the goals that our community so desperately needs. These needs can be captured in the City's five Cornerstone Goals:

- Provide a safe and secure community
- Strengthen infrastructure and proactively plan for services, finances and processes
- Achieve and maintain fiscal reinforcement and growth
- Enhance the quality of life and sense of place
- Foster economic development and revenue production.

Specific goals, outcomes, and strategies to reach the outcomes under each of the Cornerstones can be found in the City's Annual Adopted Budget document under individual department sections.

The City's budget process, financial policies, and financial metrics are very transparent. This reflects the strategic priorities of the Council and demonstrate accountability to the tax and ratepayers. The City's budget document meets Government Finance Officers' Association standards and the City has been awarded the GFOA Distinguished Budget Presentation Award for the last 3 consecutive years.

The biggest economic factor in both the immediate and long-term range has been the COVID-19 Pandemic. Revenues such as Sales Tax, Transient Occupancy Tax (TOT) and Business License are just a few examples of revenues that were expected to see significant reductions. While we did see a decrease in TOT revenues, our other revenue streams did not have a severe negative impact. There was no growth but revenues remained constant or had small reductions. Since TOT is not one of our major revenue sources, that impact was not too significant. This has been great news for Chowchilla and the FY 21/22 budget reflects this new financial information. The City received CARES Act funding from the State which help to offset any increased public safety expenditures. We have also been allocated American Rescue Plan Act (ARPA) funds in the amount of roughly \$4 Million. This has been preliminarily dedicated to essential premium pay and major water infrastructure projects such as a new water tank and well.

Chowchilla is seeing some renewed interest in all the community and economic development sectors. We have seen and increase in business license and building permits as a result. Commercial, Industrial and Residential sectors are seeing increased activity. There are multiple residential projects in the works and a major distribution center project that is coming to Chowchilla which will bring roughly 300 jobs. With the new and more accepted "work from home" business model, there is a benefit for people to live in Chowchilla where cost of living is reasonable and work in the larger market cities that pay more. The County of Madera has seen this increase in demand as well.

Increased costs are going to be a significant issue to address as well. Everything is costing more now. construction costs, supplies, gas, to name a few, have skyrocketed in costs over the last few months and are causing budget and timing issues. The City will be monitoring these issues and forecasting accordingly.

**CITY OF CHOWCHILLA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Even though the City issued Pension Obligation Bonds in 2019 to address the significant issue of CalPERS Unfunded Liabilities, there have been new Unfunded Liabilities since then that the City has to keep an eye on. Even when the PERS Investment Portfolio performs at or above expectations, we still see an increase in Unfunded Liabilities.

Measure N, a 1% district sales tax add-on approved in 2018, is a Public Safety Measure which the funds are used to upgrade and purchase equipment as well as help with recruitment and retention of public safety employees. Retention of current employees due to increases in pension costs is allowed under this measure. This measure has performed very well and has been coming in with more revenue than previously expected. The FY 21/22 budget has the use of Measure M monies to help pay for a perimeter security project at the Police Department, a fire station expansion and the purchase of a new fire truck for the Fire Department. All these items have been needed for quite some time and could not be accomplished without Measure N. We have also used Measure N to hire additional personnel for both the Police and Fire Departments.

BASIC FINANCIAL STATEMENTS

CITY OF CHOWCHILLA

**STATEMENT OF NET POSITION
JUNE 30, 2021**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 19,522,835	\$ 5,973,013	\$ 25,495,848
Restricted cash and investments with fiscal agents	511,040	535,933	1,046,973
Accounts receivable, net	631,962	811,164	1,443,126
Intergovernmental receivables	2,146,420	164,306	2,310,726
Notes receivable, net	23,104,678	-	23,104,678
Prepaid expenses	10,868	3,000	13,868
Prepaid bond insurance	19,530	76,667	96,197
Land held for resale	104,000	-	104,000
Internal balances	148,353	(148,353)	-
Capital assets:			
Nondepreciable	1,186,354	4,918,932	6,105,286
Depreciable, net of accumulated depreciation	<u>18,760,925</u>	<u>19,726,541</u>	<u>38,487,466</u>
 Total assets	 <u>66,146,965</u>	 <u>32,061,203</u>	 <u>98,208,168</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan in current fiscal year	578,281	70,516	648,797
Deferred outflows of resources from pensions	<u>4,449,109</u>	<u>686,466</u>	<u>5,135,575</u>
 Total deferred outflows of resources	 <u>5,027,390</u>	 <u>756,982</u>	 <u>5,784,372</u>
LIABILITIES			
Accounts payable	470,227	277,218	747,445
Accrued salaries, wages, and benefits	224,060	-	224,060
Deposits	150,500	234,264	384,764
Accrued interest	3,084,317	41,394	3,125,711
Long-term liabilities:			
Net pension liability	1,161,062	129,616	1,290,678
Due within one year	961,509	295,300	1,256,809
Due in more than one year	<u>26,941,508</u>	<u>14,264,547</u>	<u>41,206,055</u>
 Total liabilities	 <u>32,993,183</u>	 <u>15,242,339</u>	 <u>48,235,522</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources from pensions	<u>4,582,654</u>	<u>704,071</u>	<u>5,286,725</u>
 Total deferred inflows of resources	 <u>4,582,654</u>	 <u>704,071</u>	 <u>5,286,725</u>
NET POSITION			
Net investment in capital assets	12,617,178	13,346,651	25,963,829
Restricted for:			
Highway and streets	5,388,235	-	5,388,235
Community development	25,537,225	-	25,537,225
Public safety	3,126,297	-	3,126,297
Construction projects	3,522,971	-	3,522,971
Debt service	452,613	-	452,613
Unrestricted	<u>(17,046,001)</u>	<u>3,525,124</u>	<u>(13,520,877)</u>
 Total net position	 <u>\$ 33,598,518</u>	 <u>\$ 16,871,775</u>	 <u>\$ 50,470,293</u>

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

CITY OF CHOWCHILLA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 876,676	\$ 189,756	\$ 260,382	\$ -	\$ (426,538)	\$ -	\$ (426,538)
Public safety	5,266,802	146,180	322,381	-	(4,798,241)	-	(4,798,241)
Highways and streets	1,655,230	385,768	1,771,341	405,952	907,831	-	907,831
Culture and recreation	797,281	2,071	44,499	-	(750,711)	-	(750,711)
Community development	1,128,128	673,310	1,373,822	69	919,073	-	919,073
Interest and fiscal charges	1,034,755	-	-	-	(1,034,755)	-	(1,034,755)
Total governmental activities	<u>10,758,872</u>	<u>1,397,085</u>	<u>3,772,425</u>	<u>406,021</u>	<u>(5,183,341)</u>	<u>-</u>	<u>(5,183,341)</u>
Business-type activities:							
Water	2,918,098	2,696,730	-	-	-	(221,368)	(221,368)
Solid waste	1,734,398	1,783,349	-	-	-	48,951	48,951
Sewer	1,726,879	1,711,383	-	114,000	-	98,504	98,504
Airport	46,186	18,873	4,229	2,054	-	(21,030)	(21,030)
Storm drain	46,282	212,646	-	-	-	166,364	166,364
Total business-type activities	<u>6,471,843</u>	<u>6,422,981</u>	<u>4,229</u>	<u>116,054</u>	<u>-</u>	<u>71,421</u>	<u>71,421</u>
Total	<u>\$ 17,230,715</u>	<u>\$ 7,820,066</u>	<u>\$ 3,776,654</u>	<u>\$ 522,075</u>	<u>(5,183,341)</u>	<u>71,421</u>	<u>(5,111,920)</u>
General revenues:							
Taxes:							
Property					1,018,041	18,514	1,036,555
Sales					4,428,313	-	4,428,313
Transient lodging					288,647	-	288,647
Franchise					287,979	-	287,979
Documentary stamp					72,413	-	72,413
Motor vehicle in lieu - unrestricted					2,339,898	-	2,339,898
Investment income					490,653	26,810	517,463
Rental income					107,764	-	107,764
Miscellaneous					329,181	278,431	607,612
Gain on sale of capital assets					-	15,300	15,300
Transfers					(45,000)	45,000	-
Total general revenues and transfers					<u>9,317,889</u>	<u>384,055</u>	<u>9,701,944</u>
Change in net position					<u>4,134,548</u>	<u>455,476</u>	<u>4,590,024</u>
Net position - beginning, restated					<u>29,463,970</u>	<u>16,416,299</u>	<u>45,880,269</u>
Net position - ending					<u>\$ 33,598,518</u>	<u>\$ 16,871,775</u>	<u>\$ 50,470,293</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF CHOWCHILLA

**BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General	Special Revenue			Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
		CDBG Grants	Impact Fees	Measure N				
ASSETS								
Cash and investments	\$ 5,345,167	\$ 999,008	\$ 4,047,008	\$ 2,634,961	\$ -	\$ -	\$ 6,268,332	\$ 19,294,476
Restricted cash and investments with fiscal agents	-	-	-	-	511,040	-	-	511,040
Accounts receivable	582,511	3,500	-	-	-	-	45,771	631,782
Intergovernmental receivables	599,728	-	-	497,934	-	93,272	955,486	2,146,420
Notes receivable, net	-	21,579,282	-	-	-	-	1,525,396	23,104,678
Due from other funds	715,617	-	-	-	-	-	-	715,617
Prepaid expenses	4,146	-	-	-	-	-	-	4,146
Prepaid bond insurance	-	-	-	-	19,530	-	-	19,530
Land held for resale	-	-	-	-	-	-	104,000	104,000
Advances to other funds	524,552	-	-	-	-	-	-	524,552
Total assets	\$ 7,771,721	\$ 22,581,790	\$ 4,047,008	\$ 3,132,895	\$ 530,570	\$ 93,272	\$ 8,898,985	\$ 47,056,241
LIABILITIES								
Accounts payable	\$ 329,287	\$ 5,043	\$ -	\$ 6,598	\$ -	\$ 25,941	\$ 79,459	\$ 446,328
Deposits	150,500	-	-	-	-	-	-	150,500
Due to other funds	-	-	-	-	-	66,816	468,341	535,157
Advances from other funds	-	-	524,552	-	-	-	-	524,552
Total liabilities	479,787	5,043	524,552	6,598	-	92,757	547,800	1,656,537
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues	162,766	21,579,282	-	-	-	-	2,034,332	23,776,380
Total deferred inflows of resources	162,766	21,579,282	-	-	-	-	2,034,332	23,776,380
FUND BALANCES								
Nonspendable:								
Prepaid expenses	4,146	-	-	-	-	-	-	4,146
Advances to other funds	524,552	-	-	-	-	-	-	524,552
Restricted for:								
Highway and streets	-	-	-	-	-	-	4,989,045	4,989,045
Community development	-	997,465	-	-	-	-	1,435,082	2,432,547
Public safety	-	-	-	3,126,297	-	-	-	3,126,297
Construction projects	-	-	3,522,456	-	77,957	515	-	3,600,928
Debt service	-	-	-	-	452,613	-	-	452,613
Assigned to:								
General government	50,258	-	-	-	-	-	-	50,258
Public safety	151,903	-	-	-	-	-	-	151,903
Culture and recreation	12,027	-	-	-	-	-	-	12,027
Community development	131,251	-	-	-	-	-	-	131,251
Subsequent fiscal year budget deficit	436,816	-	-	-	-	-	-	436,816
Unassigned	5,818,215	-	-	-	-	-	(107,274)	5,710,941
Total fund balances	7,129,168	997,465	3,522,456	3,126,297	530,570	515	6,316,853	21,623,324
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,771,721	\$ 22,581,790	\$ 4,047,008	\$ 3,132,895	\$ 530,570	\$ 93,272	\$ 8,898,985	\$ 47,056,241

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

CITY OF CHOWCHILLA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

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

Total fund balances - governmental funds	\$ 21,623,324
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	19,842,751
Pension related deferrals are reported as deferred outflows and inflows of resources on the statement of net position:	
Contributions to the pension plan subsequent to the measurement date	549,180
Deferred outflows of resources from pensions	4,194,058
Deferred inflows of resources from pensions	(4,319,086)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Those liabilities consist of:	
Bonds and loans payable	(27,476,273)
Net pension liability	(1,107,797)
Interest payable on long-term debt does not require the use of current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(3,084,317)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	23,776,380
Internal service funds are used by management to charge the costs to individual funds. These assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.	<u>(399,702)</u>
Net position of governmental activities	<u>\$ 33,598,518</u>

CITY OF CHOWCHILLA

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

	Special Revenue				Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
	General	CDBG Grants	Impact Fees	Measure N				
REVENUES								
Taxes	\$ 3,648,384	\$ -	\$ -	\$ 2,447,009	\$ -	\$ -	\$ -	\$ 6,095,393
Licenses and permits	729,578	-	-	-	-	-	-	729,578
Fines and penalties	122,340	-	-	-	-	-	-	122,340
Intergovernmental revenues	2,967,329	51,668	-	-	-	106,484	3,150,781	6,276,262
Use of money and property	127,120	3,803	15,902	9,014	27	-	13,179	169,045
Charges for services	144,776	37,816	102,757	-	-	-	326,848	612,197
Miscellaneous	218,240	-	-	9,403	81,716	-	19,822	329,181
Total revenues	7,957,767	93,287	118,659	2,465,426	81,743	106,484	3,510,630	14,333,996
EXPENDITURES								
Current:								
General government	343,275	-	-	-	-	-	-	343,275
Public safety	3,687,910	-	-	757,224	-	-	1,104	4,446,238
Highways and streets	-	-	-	-	-	-	1,075,227	1,075,227
Culture and recreation	502,590	-	-	-	-	-	-	502,590
Community development	837,514	61,277	-	-	-	-	33,116	931,907
Capital outlay	265,366	-	-	-	-	121,154	115,630	502,150
Debt service:								
Principal	-	-	-	-	692,162	-	-	692,162
Interest	-	-	-	-	738,020	-	-	738,020
Fiscal charges	-	-	-	-	9,263	-	-	9,263
Total expenditures	5,636,655	61,277	-	757,224	1,439,445	121,154	1,225,077	9,240,832
Excess (deficiency) of revenues over (under) expenditures	2,321,112	32,010	118,659	1,708,202	(1,357,702)	(14,670)	2,285,553	5,093,164
OTHER FINANCING SOURCES (USES)								
Transfers in	456,998	42,944	-	-	1,384,469	84,168	484,735	2,453,314
Transfers out	(1,321,234)	-	(45,000)	(170,494)	(4,635)	-	(956,951)	(2,498,314)
Total other financing sources (uses)	(864,236)	42,944	(45,000)	(170,494)	1,379,834	84,168	(472,216)	(45,000)
Net change in fund balances	1,456,876	74,954	73,659	1,537,708	22,132	69,498	1,813,337	5,048,164
Fund balances, beginning of year	5,455,298	922,511	3,448,797	1,588,589	508,438	(68,983)	4,503,516	16,358,166
Fund balances - ending	\$ 7,129,168	\$ 997,465	\$ 3,522,456	\$ 3,126,297	\$ 530,570	\$ 515	\$ 6,316,853	\$ 21,623,324

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

CITY OF CHOWCHILLA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

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

Net change in fund balances - total governmental funds	\$ 5,048,164
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:</p>	
Capital outlay	765,824
Depreciation expense	(1,271,500)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase (decrease) net position.</p>	(233,445)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:</p>	
Repayment of the principal of long-term debt	692,147
Amortization on bond discounts and premiums	(466)
<p>Accrued interest payable on long-term debt is reported in the government-wide statement of activities, but does not require the use of current financial resources. This amount represents the change in accrued interest payable not reported in governmental funds.</p>	(286,991)
<p>Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	(1,057,830)
<p>The distribution of housing loans and corresponding payments that were recognized in the governmental funds are not recognized in the statement of activities.</p>	(101,555)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	654,928
<p>The changes in net position of certain activities of the internal service funds is reported within governmental activities.</p>	<u>(74,728)</u>
Change in net position of governmental activities	<u>\$ 4,134,548</u>

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

CITY OF CHOWCHILLA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Business-Type Activities - Enterprise Funds				Total	Governmental
	Water	Solid Waste	Sewer	Other Enterprise Funds		Internal Service Funds
ASSETS						
Current assets:						
Cash and investments	\$ 2,094,304	\$ -	\$ 1,977,892	\$ 1,900,817	\$ 5,973,013	\$ 228,359
Restricted cash and investments with fiscal agents	179,972	-	355,961	-	535,933	-
Accounts receivable, net	326,178	228,014	226,723	30,249	811,164	180
Intergovernmental receivables	-	-	144,907	19,399	164,306	-
Prepaid expenses	-	-	3,000	-	3,000	6,722
Prepaid bond insurance	60,438	-	16,229	-	76,667	-
Total current assets	2,660,892	228,014	2,724,712	1,950,465	7,564,083	235,261
Noncurrent assets:						
Capital assets:						
Nondepreciable	2,690,827	-	1,380,954	847,151	4,918,932	-
Depreciable, net of accumulated depreciation	12,837,830	-	6,568,644	320,067	19,726,541	104,528
Total noncurrent assets	15,528,657	-	7,949,598	1,167,218	24,645,473	104,528
Total assets	18,189,549	228,014	10,674,310	3,117,683	32,209,556	339,789
DEFERRED OUTFLOWS OF RESOURCES						
Contributions to pension plan in current fiscal year	39,179	-	27,136	4,201	70,516	29,101
Deferred outflows of resources from pensions	370,184	-	270,928	45,354	686,466	255,051
Total deferred outflows of resources	409,363	-	298,064	49,555	756,982	284,152
LIABILITIES						
Current liabilities:						
Accounts payable	91,306	109,885	60,653	15,374	277,218	23,899
Accrued salaries, wages, and benefits	-	-	-	-	-	224,060
Deposits	234,264	-	-	-	234,264	-
Due to other funds	-	83,274	-	-	83,274	97,186
Accrued interest	30,326	-	11,068	-	41,394	-
Compensated absences	-	-	-	-	-	323,509
Current portion of long-term debt	260,300	-	35,000	-	295,300	-
Total current liabilities	616,196	193,159	106,721	15,374	931,450	668,654
Noncurrent liabilities:						
Compensated absences	-	-	-	-	-	103,235
Net pension liability	72,259	-	49,668	7,689	129,616	53,265
Long-term debt	11,169,729	-	3,094,818	-	14,264,547	-
Total noncurrent liabilities	11,241,988	-	3,144,486	7,689	14,394,163	156,500
Total liabilities	11,858,184	193,159	3,251,207	23,063	15,325,613	825,154
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources from pensions	380,471	-	277,467	46,133	704,071	263,568
Total deferred inflows of resources	380,471	-	277,467	46,133	704,071	263,568
NET POSITION (DEFICIT)						
Net investment in capital assets	7,003,692	-	5,175,741	1,167,218	13,346,651	104,528
Unrestricted	(643,435)	34,855	2,267,959	1,930,824	3,590,203	(569,309)
Total net position (deficit)	\$ 6,360,257	\$ 34,855	\$ 7,443,700	\$ 3,098,042	16,936,854	\$ (464,781)
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time					(65,079)	
Net position of business-type activities					\$ 16,871,775	

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

CITY OF CHOWCHILLA

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

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Solid Waste	Sewer	Other Enterprise Funds	Internal Service Funds
Operating revenues:					
Charges for services	\$ 2,696,730	\$ 1,783,349	\$ 1,711,383	\$ 231,519	\$ 668,471
Miscellaneous	<u>122,553</u>	<u>115</u>	<u>152,168</u>	<u>3,595</u>	<u>5,183</u>
Total operating revenues	<u>2,819,283</u>	<u>1,783,464</u>	<u>1,863,551</u>	<u>235,114</u>	<u>673,654</u>
Operating expenses:					
Personnel services	591,364	-	415,229	50,599	396,517
Materials, supplies and services	1,535,132	1,734,398	885,434	24,262	347,766
Depreciation	<u>428,703</u>	<u>-</u>	<u>281,158</u>	<u>17,607</u>	<u>10,562</u>
Total operating expenses	<u>2,555,199</u>	<u>1,734,398</u>	<u>1,581,821</u>	<u>92,468</u>	<u>754,845</u>
Operating income (loss)	<u>264,084</u>	<u>49,066</u>	<u>281,730</u>	<u>142,646</u>	<u>(81,191)</u>
Nonoperating revenues (expenses):					
Use of money and property	9,673	87	9,400	7,650	-
Taxes	-	-	-	18,514	-
Grants - capital	-	-	114,000	2,054	-
Grants - operating	-	-	-	4,229	-
Gain (loss) on sale of assets	15,300	-	-	-	(10,542)
Interest expense	<u>(348,641)</u>	<u>-</u>	<u>(142,311)</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(323,668)</u>	<u>87</u>	<u>(18,911)</u>	<u>32,447</u>	<u>(10,542)</u>
Income (loss) before transfers	(59,584)	49,153	262,819	175,093	(91,733)
Transfers in	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(14,584)	49,153	262,819	175,093	(91,733)
Net position (deficit) - beginning	<u>6,374,841</u>	<u>(14,298)</u>	<u>7,180,881</u>	<u>2,922,949</u>	<u>(373,048)</u>
Net position (deficit) - ending	<u>\$ 6,360,257</u>	<u>\$ 34,855</u>	<u>\$ 7,443,700</u>	<u>\$ 3,098,042</u>	<u>\$ (464,781)</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				<u>(17,005)</u>	
Changes in net position of business-type activities				<u>\$ 455,476</u>	

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

CITY OF CHOWCHILLA

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

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Solid Waste	Sewer	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:						
Receipts from customers and users	\$ 2,655,718	\$ 1,686,091	\$ 1,686,063	\$ 225,111	\$ 6,252,983	\$ 668,291
Payments to suppliers	(1,580,594)	(1,735,188)	(777,129)	(49,471)	(4,142,382)	(373,417)
Payments to employees	(510,264)	-	(357,961)	(41,482)	(909,707)	(369,228)
Other operating revenues	122,553	115	152,168	3,595	278,431	5,183
Net cash provided by (used for) operating activities	687,413	(48,982)	703,141	137,753	1,479,325	(69,171)
Cash flows from noncapital financing activities:						
Grants received	-	-	-	4,229	4,229	-
Transfer from other funds	45,000	-	-	-	45,000	-
Loans from other funds	-	48,895	-	-	48,895	96,727
Taxes received	-	-	-	18,514	18,514	-
Net cash provided by noncapital financing activities	45,000	48,895	-	22,743	116,638	96,727
Cash flows from capital and related financing activities:						
Principal paid	(276,549)	-	(88,004)	-	(364,553)	-
Interest paid	(344,746)	-	(137,577)	-	(482,323)	-
Grants received	-	-	-	20,648	20,648	-
Acquisition of capital assets	(48,383)	-	(672,971)	(202,851)	(924,205)	(70,622)
Proceeds from the sale of assets	15,300	-	-	-	15,300	-
Net cash provided by (used for) capital and related financing activities	(654,378)	-	(898,552)	(182,203)	(1,735,133)	(70,622)
Cash flows from investing activities:						
Interest received	9,673	87	9,400	-	19,160	-
Rents received	-	-	-	7,650	7,650	-
Net cash provided by investing activities	9,673	87	9,400	7,650	26,810	-
Net increase (decrease) in cash and cash equivalents	87,708	-	(186,011)	(14,057)	(112,360)	(43,066)
Cash and cash equivalents - beginning	2,186,568	-	2,519,864	1,914,874	6,621,306	271,425
Cash and cash equivalents - ending	\$ 2,274,276	\$ -	\$ 2,333,853	\$ 1,900,817	\$ 6,508,946	\$ 228,359

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

CITY OF CHOWCHILLA

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

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Solid Waste	Sewer	Other Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 264,084	\$ 49,066	\$ 281,730	\$ 142,646	\$ 737,526	\$ (81,191)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	428,703	-	281,158	17,607	727,468	10,562
(Increase) decrease in:						
Accounts receivable	(84,279)	(97,258)	(25,320)	(6,408)	(213,265)	(180)
Prepaid expenses	-	-	-	-	-	71,629
Deferred outflows of resources from pensions	147,656	-	111,003	19,443	278,102	95,900
Increase (decrease) in:						
Accounts payable and other liabilities	(45,462)	(790)	108,305	(25,209)	36,844	(142,936)
Deposits	43,267	-	-	-	43,267	-
Unearned revenue	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	13,785
Net pension liability	47,662	-	32,675	4,821	85,158	35,995
Deferred inflows of resources from pensions	(114,218)	-	(86,410)	(15,147)	(215,775)	(72,735)
Net cash provided by (used for) operating activities	\$ 687,413	\$ (48,982)	\$ 703,141	\$ 137,753	\$ 1,479,325	\$ (69,171)

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

CITY OF CHOWCHILLA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021**

	<u>Custodial Funds</u>	<u>Successor Agency Private Purpose Trust Fund</u>
ASSETS		
Cash and investments (in City investment pool)	\$ 2,011,884	\$ 74,160
Restricted cash with fiscal agents	753,627	-
Accounts receivable (net)	39,185	43,750
Prepaid expenses	-	10,004
Prepaid bond insurance	-	44,488
Land held for resale	-	338,000
	<u>2,804,696</u>	<u>510,402</u>
Total assets		
LIABILITIES		
Accounts payable	8,967	513
Accrued interest	-	62,396
Long-term debt due within one year	-	260,000
Long-term debt due in more than one year	-	5,132,755
	<u>8,967</u>	<u>5,455,664</u>
Total liabilities		
NET POSITION		
Restricted for:		
Individuals, organizations, and other governments	2,795,729	-
Redevelopment agency dissolution	-	(4,945,262)
	<u>2,795,729</u>	<u>(4,945,262)</u>
Total net position		

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

CITY OF CHOWCHILLA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Custodial Funds	Successor Agency Private Purpose Trust Fund
	<u> </u>	<u> </u>
ADDITIONS		
Taxes	\$ -	\$ 535,063
Property tax collections	1,626,717	-
Investment earnings	5,072	823
Miscellaneous	<u>-</u>	<u>1,101</u>
 Total additions	 <u>1,631,789</u>	 <u>536,987</u>
 DEDUCTIONS		
Payments to bondholders	1,465,466	-
Administrative expenses	69,994	128,746
Interest	<u>-</u>	<u>141,411</u>
 Total deductions	 <u>1,535,460</u>	 <u>270,157</u>
 Change in net position	 96,329	 266,830
 Net position - beginning, restated	 <u>2,699,400</u>	 <u>(5,212,092)</u>
 Net position (deficit) - ending	 <u>\$ 2,795,729</u>	 <u>\$ (4,945,262)</u>

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CHOWCHILLA

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Chowchilla (City) was incorporated on February 7, 1923, as a municipal corporation under the General Laws of the State of California. The City operates as a self-governing local government unit within the State of California. A five-member City Council appoints a City Administrator who administers the daily affairs under the policy guidance of the City Council. The City has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. Voters elect a City Council that passes laws and determines broad policies. The City Council also oversees the operations of the City and approves all budgets, fund transfers, and fund balance reserves. Services provided by the City include public safety, streets and roads, water, sanitation, public improvements, culture and recreation, parks, building inspections, planning and zoning, redevelopment, and general administration.

Blended Component Units

A primary government is financially accountable for a component unit if it appoints a voting majority of an organization's governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. Based upon the application of these criteria, the following is a brief description of each component unit included within the City's reporting entity. All such component units have been "blended" as though they are part of the primary government as the component unit's governing body is substantially the same as the City's primary government and there is a financial benefit or burden relationship between the City and the component unit. In addition, management of the City has operational responsibilities for the component unit, and/or the component units provide services almost entirely to the city or for the exclusive benefit of the City, even though it does not provide services directly to it, or the City is entirely or almost entirely responsible for the repayment of the debt of the component unit. Financial information for these component units can be obtained from the City's Administrative Services Department and from the City's website at <http://ci.chowchilla.ca.us>.

The **Public Financing Authority** (Authority) of the City of Chowchilla was formed on August 14, 1989, for the purpose of assisting the City in the financing of the acquisition, construction and installation of public capital improvements for the use, benefit and enjoyment of the citizens served by the City. The City Council serves as the governing board of the Authority and, therefore, is financially accountable for the operations of the Authority.

The **Chowchilla Housing Authority** (Housing Authority) was established on January 24, 2012. The Housing Authority was activated pursuant to State Law Section 34240 of the California Health and Safety Code, which allows for every City to establish a housing authority. The Housing Authority is designed to protect local housing funds and programs, provide new revenue opportunities for affordable housing programs, serve the public interest, promote public safety and welfare, and ensure decent, safe sanitary and affordable housing accommodations to persons of low income.

Since the City Council serves as the governing body of these entities, they are considered blended component units. As a result, the financial activities of these entities are integrally related to those of the City and are "blended" with those of the City.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Government-Wide Financial Statements – The statement of net position and the statement of activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. 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's Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The *Statement of Activities* presents a comparison between direct expense and program revenues for each different identifiable activity of the City's *business-type activities* and for each function of the City's *governmental activities*. Direct expenses are those that are specifically associated with a program or function and, therefore, are included in the program expense reported for individual function. Certain indirect costs, which cannot be identified and broken down, are included in the program expenses reported for individual functions and activities. Program revenues include: 1) fines, fees, and charges paid by the recipients of goods and 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 instead as general revenues.

Certain eliminations have been made as prescribed by GASB Statement no. 34 in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated: due to/due from other funds, interfund advances to/advances from, and transfers in/transfers out.

Fund Financial Statements – The fund financial statements provide information about the City's 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 and enterprise funds are 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 to the 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. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the City except for those required to be accounted for in another fund.

The **Community Development Block Grant Special Revenue Fund** accounts for the revenues received by the various CDBG grants, the uses of those funds (i.e., grants and loans for housing rehabilitation projects), as well as the receipt and re-use of program income generated by the repayment of CDBG loans.

The **Impact Fees Special Revenue Fund** accounts for the accumulation of resources from developers for the expected future capital cost of the City as a result of development. Impact fees collected are restricted for the use of general, police, fire and parks facilities; and streets and roads, signalization, water, sewer and storm drain capital projects.

The **Measure N Special Revenue Fund** accounts for 1% Public Safety Sales Tax add-on that was voter approved in 2018 and became effective April 1, 2019. Monies are allocated between Police and Fire Departments and are used for growth and efficiency of the departments.

The **Debt Service Fund** accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The **Capital Projects Fund** accounts for the acquisition and construction of the City's major capital projects, other than those financed by proprietary funds.

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 five enterprise funds – water, solid waste, sewer, storm drain and airport. These funds are used to account for operations that are financed and operated in a manner similar to private business enterprise. In an enterprise fund, the intent of the City Council is that the 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 Enterprise Fund** accounts for the provision of water to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, distribution, maintenance, and debt service.

The **Solid Waste Enterprise Fund** accounts for the revenues and expenses for operation and maintenance of the solid waste system.

The **Sewer Enterprise Fund** accounts for the provision of wastewater collection and treatment services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, and debt service.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Additionally, the government reports the following fund types:

Internal Service Funds:

The **Fleet Maintenance Internal Service Fund** accounts for the cost associated with maintaining the citywide fleet of vehicles and rolling stock heavy equipment. Charges are assessed to each department on the basis of time/materials necessary to maintain their equipment.

The **Information Technology Internal Service Fund** accounts for the costs of providing computer and information services. User charges are recovered from other City departments that utilized the services provided.

The **Employee Benefits Internal Service Fund** accounts for compensated absences and other employee benefits that are provided by the City.

Fiduciary Funds:

The **Custodial Funds** accounts for assets held by the City as an agent for special districts.

The **Successor Agency Private Purpose Trust Fund** accounts for assets and liabilities of the former redevelopment agency until they are distributed to other units of state and local government as a result of the dissolution of the redevelopment agency.

Measurement Focus, Basis of Accounting

Government-Wide, Proprietary and Fiduciary Fund Financial Statements – The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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 fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Property and sales taxes, interest, and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period 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 claims and judgments and compensated absences, are recorded only when payment is due. General capital assets 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*, such as charges for services, result from exchange transactions associated with the principal activity of each fund. *Nonoperating revenues*, such as interest income, state and federal grants and subsidies, result from nonexchange transactions or ancillary activities. *Operating expenses* include costs for providing services and delivering goods such as administrative expenses and depreciation on capital assets. All other expenses not meeting this definition are reported as *nonoperating expenses*.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances

Cash and Cash Equivalents

For purposes of reporting cash flow, the City considers all highly liquid investments with maturity of three months or less when purchased to be cash and cash equivalents.

Cash and Investments

The City maintains a cash and investment pool that is available for all funds. Each fund-type balance in the pool is reflected on the combined balance sheet as cash and investments. The City apportions interest earnings to all funds based on their quarterly cash balances.

The City pools cash and investments with the City Treasurer except for investments managed by fiscal agents under bonded debt agreements. Interest from bank accounts and investments are allocated quarterly to the various funds based on the fund's contribution to the pool. The City has stated investments at fair value in the statement of net position and balance sheet. The fair value of investments is based on published market prices and quotations from major investment brokers.

Cash and investments with fiscal agent represent funds held by various trustees from proceeds of the issuance of bonds in order to establish required reserve funds and to pay bond issuance costs per the respective trust agreements.

Credit Risk – The City's investment policy limits certain types of investments to various ratings.

Custodial Credit Risk—Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a deposit policy for custodial risk that requires collateralization on certificates of deposit and repurchase (and reverse) agreements. In addition, the City maintains custodial agreements with certain independent third parties.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in any one issuer.

Interest Rate Risk – Reserve funds may be invested in securities exceeding 10 years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

Restricted Assets

Certain proceeds of the general obligation debt and enterprise debt are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants. "Restricted cash and investments with fiscal agents" is used to report resources set aside for potential deficiencies in the repayment ability of the debt service fund and for payment of construction projects undertaken by the City.

Land Held for Resale

Land held for resale is recorded in the Low and Moderate Housing Asset Special Revenue Fund. Land held for resale is valued at the lower cost or estimated net realizable value.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances (Continued)

Internal Balances

Interfund transactions are reflected as loans, services provided or used, or reimbursements or transfers. Loans reported as receivables and payables, as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the *governmental activities* and the *business-type activities* are reported in the fund financial statements and are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Notes Receivable

The City engages in programs designed to encourage construction or improvement of housing for persons with low to moderate income and to encourage business development. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City’s terms. For financial statement purposes, the City has established an estimated allowance for potentially uncollectible loans. The balance of notes receivable includes loans that may be forgiven if certain terms and conditions of the loans are met.

Capital Assets

Capital assets, which include public domain (infrastructure) capital assets consisting of certain improvements, including streets (pavements, medians, curbs/gutters, sidewalks, traffic signals, monument signs and bridges), storm drains and water/sewer systems and improvements, are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Generally, capital asset acquisitions in excess of \$5,000 (general capital assets) and \$30,000 (infrastructure) are capitalized if they have an expected useful life of one year or more. Acquisitions of capital assets (including infrastructure) are recorded at historical cost at the time of purchase. Donated capital assets are recorded at their fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the City are depreciated using the straight-line method over the following estimated useful lives:

Land Improvements	20-50 years
Buildings and Improvements	20-50 years
Machinery, Equipment, and Vehicles	6-10 years
Infrastructure	20-100 years

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused leave time. Permanent employees earn from 12 to 30 vacation days per year depending upon their length of employment. Accumulated vacation days can be carried forward up to 2 years. Each year, by September 30, certain employees may request to receive a cash payment for the value of all or a portion of their accumulated vacation leave. Upon termination or retirement, employees are compensated for the value of accrued vacation leave.

For full-time employees, sick leave is accumulated at the rate of 12 days per year up to a maximum of 250 days. Employees may convert 25% of unused sick leave to vacation time during a fiscal year up to the limit of the employee's maximum vacation accrual level. Upon retirement, employees may also convert a portion of their unused sick leave into service credit through the California Public Employees Retirement System.

The vacation and sick leave balances, along with compensatory leave and holiday hours are reflected in the Employee Benefits Fund, which is part of the Internal Service Funds in the Statement of Net Position.

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 proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discounts. Bond issuance costs are expensed immediately.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

In government-wide financial statements, pensions are recognized and disclosed using the accrual basis of accounting (see Note 9 and the RSI section immediately following the notes to financial statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for the qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants including retirees, in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they arose. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances (Continued)

Interest Payable

In the government-wide financial statements, interest payable on long-term debt is recognized as a liability when incurred and is not recognized in the governmental funds' financial statements.

Unearned Revenue

Unearned revenue is that for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City typically records intergovernmental revenues (primary grants and subventions) received but not earned (qualifying expenditures not yet incurred).

Unavailable Revenue

In the governmental fund financial statements, unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unavailable revenue for transactions for which revenues have been earned, but for which funds are not available to meet current financial obligations.

Transfers

In the fund financial statements interfund transfers are recorded as transfers in (out) except for transactions that are described below:

Charges for services are recorded as revenues of the performing fund and expenditures of the requesting fund. Unbilled costs are recognized as an asset of the performing fund at the end of the fiscal year.

Reimbursements for expenditures, initially made by one fund that is properly applicable to another fund, are recorded as expenditures in the fund that is reimbursed.

Net Position

The government-wide and enterprise fund financial statements utilize a net position presentation. Net position is reported as net investment in capital assets, restricted or 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 – represents external restrictions imposed by creditors, grantors, contributors, or laws of regulations of other governments and restrictions imposed by law through constitutional provisions or enable legislation.

Unrestricted – represents net position of the City, not restricted for any project or other purpose.

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

CITY OF CHOWCHILLA

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances (Continued)

Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classification used in governmental fund financial statements are as follows.

Nonspendable Fund Balance – Amounts cannot be spent either because they are in nonspendable form (such as inventory or prepaid expenses, and long-term loans and notes receivable) or because they are legally or contractually required to be maintained intact (such as principal of a permanent fund).

Restricted Fund Balance – Amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, contributors, or laws or regulations of other governments, etc.) or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts that can only be used for specific purposes pursuant to constraints imposed by City Council, the City's highest level of decision-making authority, through an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified uses through the same type of formal action taken to establish the commitment.

Assigned Fund Balance – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. For all governmental funds other than the General Fund, any remaining positive amounts not classified as nonspendable, restricted or committed must be designated as assigned fund balance.

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

In circumstances when expenditures are made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Minimum Fund Balance Policy

The City's minimum fund balance policy requires the City to maintain reserves equal to 2 months (17%) and 3 months (25%) of costs based on the annual adopted budget for Enterprise Funds and the General Fund, respectively. The use of these funds shall be allowed in situations resulting from the loss of revenues and must be replenished before the end of the following fiscal year.

Risk Management

The City participates with other public entities in a joint venture under a joint powers agreement which established 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.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances (Continued)

Property Tax Calendar

Madera County is responsible for assessing, collecting and distributing property taxes in accordance with enabling legislation. Revenue received is based on an allocations factor calculated by the County under the provisions of Proposition 13 plus a percentage of the increase in market value in specific areas. The City's property tax is liened based on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Property sold and the assessment date (January 1) is reassessed and the amount of property tax assessed is prorated.

Secured property taxes are levied on October 1 and are due in two installments on November 1 and February 1. The tax becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is levied on July 1, due on July 31, and becomes delinquent after August 31.

NOTE 2 – CASH AND INVESTMENTS

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

Statement of Net Position:

Cash and investments	\$ 25,495,848
Restricted cash and investments with fiscal agents	1,046,973

Statement of Fiduciary Net Position:

Cash and investments	2,086,044
Restricted cash with fiscal agents	<u>753,627</u>

Total cash and investments	<u>\$ 29,382,492</u>
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Cash and investments as of June 30, 2021 consist of the following:

Cash on hand	\$ 2,000
Deposits with financial institutions	7,566,057
Investments	<u>21,814,435</u>

Total cash and investments	<u>\$ 29,382,492</u>
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CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Deposits

The carrying amount of the City's cash deposits was \$7,566,057 at June 30, 2021. Bank balances were \$7,807,731, the total amount of which was insured and/or collateralized with securities held by the pledging financial institutions in the City's name as described below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments of fiscal agents is credited directly to the related fund.

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

In accordance with Section 53601 of the California Government Code and the City's investment policy, the City is authorized to invest in Certificates of Deposit, the California Local Agency Investment Fund (LAIF), U.S. Treasury Obligations, U.S. Government Agencies, Medium-Term Notes, Bankers' Acceptances, and Commercial Paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by Moody's Investor Services, Inc. or Standards and Poor's Corporation. In accordance with the City's investment policy, the City will not invest in repurchase agreements, reverse repurchase agreements, or any other type of investments prohibited by California Government Code Section 53601.

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

<u>Investment Type</u>	<u>Total</u>	<u>12 Months or Less</u>
State investment pool	\$ 20,013,835	\$ 20,013,835
Held by fiscal agent:		
Treasury Obligation Funds	1,202,322	1,202,322
Money Market Funds	598,278	598,278
Total	<u>\$ 21,814,435</u>	<u>\$ 21,814,435</u>

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Disclosure Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of year-end for each investment type:

<u>Investment Type</u>	<u>Total</u>	<u>Ratings as of Year-End</u>	
		<u>AAAm</u>	<u>Not Rated</u>
State investment pool	\$ 20,013,835	\$ -	\$ 20,013,835
Held by fiscal agent:			
Treasury Obligation Funds	1,202,322	1,202,322	-
Money Market Funds	<u>598,278</u>	<u>-</u>	<u>598,278</u>
Total	<u>\$ 21,814,435</u>	<u>\$ 1,202,322</u>	<u>\$ 20,612,113</u>

Concentration of Credit Risk

The investment policy of the City contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City's investments are as follows:

<u>Issuer</u>	<u>Reported Amount</u>
US Bank Money Market	\$ 1,202,322

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investment Valuation

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 investments reflect prices quoted in active markets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2021:

<u>Investments</u>	<u>Fair Value</u>	<u>Fair Value Measurements Level 1 Inputs</u>
Debt securities:		
Treasury Obligation Fund	\$ 1,202,322	\$ 1,202,322
Investments not subject to fair value heirarchy:		
Money Market Funds	\$ 598,278	
State Investment Pool	<u>20,013,835</u>	
	<u>\$ 20,612,113</u>	

Treasury obligations are valued at marked to market based on quoted market closing prices.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 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 amount based upon the City's pro-rata share of the amortized cost provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based in the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Although the City did not participate in any securities lending transactions or enter into any reverse repurchase agreements during the year, the City does have an investment in LAIF in the amount of \$20,013,835. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members designated by State statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different from the fair value of the City's position in the pool.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 – RECEIVABLES

Receivables as of year-end for the City’s individual major funds and aggregate nonmajor, including applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities						Total Governmental Funds
	General	CDBG Grants Special Revenue	Measure N Special Revenue	Capital Projects	Internal Service Funds	Other Governmental Funds	
Receivables:							
Accounts receivable	\$ 582,511	\$ 3,500	\$ -	\$ -	\$ 180	\$ 45,771	\$ 631,962
Intergovernmental receivables	599,728	-	497,934	93,272	-	955,486	2,146,420
Notes receivable	-	21,579,282	-	-	-	1,525,396	23,104,678
Less: allowance for for uncollectibles	-	-	-	-	-	-	-
Net receivables	<u>\$ 1,182,239</u>	<u>\$ 21,582,782</u>	<u>\$ 497,934</u>	<u>\$ 93,272</u>	<u>\$ 180</u>	<u>\$ 2,526,653</u>	<u>\$ 25,883,060</u>

	Business-Type Activities - Enterprise Funds					Total
	Water	Solid Waste	Sewer	Storm Drain	Airport	
Receivables:						
Accounts receivable	\$ 342,666	\$ 230,837	\$ 232,149	\$ 31,204	\$ -	\$ 836,856
Intergovernmental receivables	-	-	144,907	-	19,399	164,306
Less: allowance for for uncollectibles	(16,488)	(2,823)	(5,426)	(955)	-	(25,692)
Net receivables	<u>\$ 326,178</u>	<u>\$ 228,014</u>	<u>\$ 371,630</u>	<u>\$ 30,249</u>	<u>\$ 19,399</u>	<u>\$ 975,470</u>

Receivables are presented on the Statement of Net Position as follows:

	Governmental Activities	Business-Type Activities	Total
Accounts receivable, net	\$ 631,962	\$ 811,164	\$ 1,443,126
Intergovernmental receivables	2,146,420	164,306	2,310,726
Notes receivable, net	<u>23,104,678</u>	<u>-</u>	<u>23,104,678</u>
	<u>\$ 25,883,060</u>	<u>\$ 975,470</u>	<u>\$ 26,858,530</u>

Receivables in governmental funds which are not expected to be collected in one year are as follows:

Notes receivable in CDBG Grants Special Revenue Fund	\$ 21,579,282
Notes receivable in Home Investment Program Grants Special Revenue Fund	1,447,962
Notes receivable in Low and Moderate Income Housing Asset Special Revenue Fund	<u>77,434</u>
Total	<u>\$ 23,104,678</u>

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 – INTERNAL BALANCES

Due from and due to balances at June 30, 2021 are as follows:

	<u>Due From</u>	<u>Due To</u>
Governmental Funds:		
Major Funds:		
General Fund	\$ 715,617	\$ -
Capital Projects Fund	-	66,816
Nonmajor Funds:		
SAFER Fire Grant Fund		1,104
Transit System Special Revenue Fund	-	421,678
Information Technology Internal Service Fund	-	97,186
Low and Moderate Low Income Housing Asset Fund	-	45,559
Enterprise Funds:		
Major Funds:		
Solid Waste Fund	-	83,274
Total	<u>\$ 715,617</u>	<u>\$ 715,617</u>

The “due from” balance of \$715,617 in the General Fund listed above represents loans made to other funds to cover operating cash deficit balances.

Advances to and from balances at June 30, 2021 are as follows:

	<u>Advances To</u>	<u>Advances From</u>
Governmental Funds:		
Major Funds:		
General Fund	\$ 524,552	\$ -
Impact Fees Special Revenue Fund	-	524,552
Total	<u>\$ 524,552</u>	<u>\$ 524,552</u>

The balance of \$524,552 for advances from other funds in the Impact Fees Special Revenue Fund consists of cash advances from the General Fund and will be paid back with future impact fees. The City has indicated that there are no plans to collect on the advance within the next year.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – TRANSFERS

Transfers for the year ended June 30, 2021 are summarized as follows:

	<u>Transfers In</u>		<u>Transfers Out</u>	
Governmental Funds:				
Major Funds:				
General Fund	\$ 456,998	(2)	\$ 1,321,234	(1)
CDBG Grants Special Revenue Fund	42,944	(5)	-	
Impact Fees Special Revenue Fund	-		45,000	(6)
Measure N Special Revenue Fund			170,494	(2)
Debt Service Fund	1,384,469	(3)	4,635	(2)
Capital Projects Fund	84,168	(1), (3)	-	
Nonmajor Funds:				
State Gas Tax Special Revenue Fund	-		13,310	(3)
SB1 Special Revenue Fund	14,502	(1)	-	
Street and Road Fund (LTF) Special Revenue Fund	469,523	(3), (4)	148,595	(3)
Measure T Special Revenue Fund	-		239,781	(3)
Maintenance Assessment District Special Revenue Fund	-		488,228	(2), (4)
Transit System Special Revenue Fund	-		23,383	(4)
HOME Investment Partnership Program Special Revenue Fund	-		710	(5)
EDBG Grant Special Revenue Fund	710	(5)	42,944	(5)
Enterprise Funds:				
Major Funds:				
Water Enterprise Fund	<u>45,000</u>	(6)	<u>-</u>	
 Total	 <u>\$ 2,498,314</u>		 <u>\$ 2,498,314</u>	

- (1) The General Fund transferred out:
 - a. \$14,502 to the SB1 Special Revenue Fund for future Street Projects.
 - b. \$70,858 to the Capital Projects Fund for the closing of Berenda Boat Ramp Project.
 - c. \$356,125, \$122,914, and \$756,835 to the Debt Service Fund for the Civic Center, General Fund CREB Bond, and Pension Obligation Bond debt service payments, respectively.
- (2) The General Fund transfers in consisted of \$246,312 and \$35,557 to cover operational and parks expenses from the Maintenance Assessment District Special Revenue Fund, \$4,635 from the Debt Service Fund for closing of JCI project, and \$170,494 from the Measure N Special Revenue Fund for the Police Department Fencing Project.
- (3) The Gas Tax Fund transferred \$13,310 to the Street and Road (LTF) Special Revenue Fund for various project costs. Street and Road (LTF) Special Revenue Fund transferred \$148,595 to the Debt Service Fund for the PFA Streets debt service payment. Measure T Special Revenue Fund transferred \$239,781 to the Street and Road (LTF) Special Revenue Fund for operations and maintenance.
- (4) Transit transferred \$23,383 to the Street and Road (LTF) Special Revenue Fund for excess LTF funds due to additional COVID-19 funds and increases to original TDA allocations. Maintenance Assessment District Special Revenue Fund transferred \$206,359 to the Street and Road (LTF) Special Revenue Fund for street light related costs incurred by the Street and Road (LTF) Special Revenue Fund.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – TRANSFERS (Continued)

- (5) The EDBG Grant Special Revenue Fund transferred \$42,944 to cover costs associated with grant maintenance and \$710 was transferred in to cover contracted services for grant maintenance.
- (6) \$45,000 was transferred from the Impact Fees Special Revenue Fund to cover expenses in the Water Enterprise Fund for the SCADA/SAMSARA project.

NOTE 6 – CAPITAL ASSETS

Capital assets activity of the governmental activities for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 721,926	\$ -	\$ -	\$ 721,926
Construction in progress	390,153	259,384	(185,109)	464,428
Total capital assets, not being depreciated	<u>1,112,079</u>	<u>259,384</u>	<u>(185,109)</u>	<u>1,186,354</u>
Capital assets, being depreciated:				
Land improvements	1,569,968	-	-	1,569,968
Buildings and improvements	7,677,380	-	-	7,677,380
Machinery, equipment and vehicles	4,996,148	577,061	(281,534)	5,291,675
Infrastructure	<u>20,257,293</u>	-	-	<u>20,257,293</u>
Total capital assets, being depreciated	<u>34,500,789</u>	<u>577,061</u>	<u>(281,534)</u>	<u>34,796,316</u>
Less accumulated depreciation for:				
Land improvements	(1,016,136)	(74,645)	-	(1,090,781)
Buildings and improvements	(2,887,637)	(198,768)	-	(3,086,405)
Machinery, equipment and vehicles	(2,479,651)	(449,912)	224,890	(2,704,673)
Infrastructure	<u>(8,592,561)</u>	<u>(560,971)</u>	-	<u>(9,153,532)</u>
Total accumulated depreciation	<u>(14,975,985)</u>	<u>(1,284,296)</u>	<u>224,890</u>	<u>(16,035,391)</u>
Total capital assets being depreciated, net	<u>19,524,804</u>	<u>(707,235)</u>	<u>(56,644)</u>	<u>18,760,925</u>
Governmental activities capital assets, net	<u>\$ 20,636,883</u>	<u>\$ (447,851)</u>	<u>\$ (241,753)</u>	<u>\$ 19,947,279</u>

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

<i>Governmental Activities:</i>	
General government	\$ 306,522
Public safety	259,279
Highways and streets	628,809
Culture and recreation	76,890
Capital assets held by government's internal service funds are charged to the various functions based on their usage of the assets	<u>12,796</u>
Total depreciation expense - governmental activities	<u>\$ 1,284,296</u>

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 – CAPITAL ASSETS (Continued)

Capital assets activity of the business-type activities ended June 30, 2021 was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
	<u>July 1, 2020</u>			<u>June 30, 2021</u>
Capital assets, not being depreciated:				
Land	\$ 2,030,152	\$ -	\$ -	\$ 2,030,152
Construction in progress	<u>2,767,040</u>	<u>121,740</u>	<u>-</u>	<u>2,888,780</u>
Total capital assets, not being depreciated	<u>4,797,192</u>	<u>121,740</u>	<u>-</u>	<u>4,918,932</u>
Capital assets, being depreciated:				
Land improvements	1,253,762	-	-	1,253,762
Buildings and improvements	3,989,173	-	-	3,989,173
Machinery, equipment, and vehicles	723,089	678,281	(49,825)	1,351,545
Infrastructure	<u>24,265,050</u>	<u>-</u>	<u>-</u>	<u>24,265,050</u>
Total capital assets, being depreciated	<u>30,231,074</u>	<u>678,281</u>	<u>(49,825)</u>	<u>30,859,530</u>
Less accumulated depreciation for:				
Land improvements	(798,786)	(37,271)	-	(836,057)
Buildings and improvements	(1,656,368)	(78,934)	-	(1,735,302)
Machinery, equipment, and vehicles	(469,915)	(73,583)	49,825	(493,673)
Infrastructure	<u>(7,530,277)</u>	<u>(537,680)</u>	<u>-</u>	<u>(8,067,957)</u>
Total accumulated depreciation	<u>(10,455,346)</u>	<u>(727,468)</u>	<u>49,825</u>	<u>(11,132,989)</u>
Total capital assets being depreciated, net	<u>19,775,728</u>	<u>(49,187)</u>	<u>-</u>	<u>19,726,541</u>
Business-type activities capital assets, net	<u>\$ 24,572,920</u>	<u>\$ 72,553</u>	<u>\$ -</u>	<u>\$ 24,645,473</u>

Depreciation expense was charged to the following functions/programs of the governmental activities and business-type activities of the primary government as follows:

Business-Type Activities:

Water	\$ 428,702
Sewer	281,159
Storm drain	2,924
Airport	<u>14,683</u>
Total depreciation expense - business-type activities	<u>\$ 727,468</u>

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – LONG-TERM DEBT

The following is a summary of debt transactions of the City for the year ended June 30, 2021:

	June 30, 2020	Additions	Reductions	June 30, 2021	Amounts Due Within One Year
Governmental Activities:					
<i>Direct Placements</i>					
2000 Refunding of 1994 PFA Revenue Bonds	\$ 144,147	\$ -	\$ (144,147)	\$ -	\$ -
2016 Civic Center Bond	381,000	-	(188,000)	193,000	193,000
<i>Total Direct Placements</i>	525,147	-	(332,147)	193,000	193,000
2005 Civic Center Bond	3,565,000	-	-	3,565,000	-
2017 Series Lease Revenue Bonds	3,630,000	-	(15,000)	3,615,000	20,000
State of California NSP Loan	9,913,215	-	-	9,913,215	-
2019 Taxable Pension Obligation Bonds	10,500,000	-	(345,000)	10,155,000	425,000
Add: Premiums	155,745	-	(5,990)	149,755	-
Less: Discounts	(121,153)	-	6,456	(114,697)	-
Compensated absences	412,959	319,722	(305,937)	426,744	323,509
Total Governmental Activities Long-Term Debt	\$ 28,580,913	\$ 319,722	\$ (997,618)	\$ 27,903,017	\$ 961,509
Business-Type Activities:					
<i>Direct Placements and Direct Borrowings</i>					
2001 USDA Sewer Bond	\$ 20,000	\$ -	\$ (20,000)	\$ -	\$ -
2001 Water Certificates of Participation	140,000	-	(70,000)	70,000	70,000
State Water Revolving Loan	2,885,392	-	(160,300)	2,725,092	160,300
<i>Total Direct Placements and Borrowings</i>	3,045,392	-	(250,300)	2,795,092	230,300
2017 Series Water Bonds	8,150,000	-	(25,000)	8,125,000	30,000
2017 Series Wastewater Bonds	3,180,000	-	(65,000)	3,115,000	35,000
Add: Premiums	549,008	-	(24,253)	524,755	-
Total Business-Type Activities Long-Term Debt	\$ 14,924,400	\$ -	\$ (364,553)	\$ 14,559,847	\$ 295,300

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

2000 Refunding of 1994 Public Financing Authority (PFA) Revenue Bonds

In 1994, the City issued Revenue Bonds in the aggregate principal amount of \$3,670,000 to finance the acquisition and construction of three projects: (1) capital improvements to the City Hall (the Land Acquisition/Facilities Rehabilitation Project) in the amount of \$495,000; (2) Street/Road Improvement Project in the amount of \$1,890,000; and (3) Wastewater Improvement Project in the amount of \$920,000. The original amount of the note was secured by each project's pledged sources of revenue, including the Street/Road Improvement Project's pledge of the City's net revenues from the state gas tax, and Measure A Funds; the Wastewater Plant Improvement Project's net revenues from user fees collected by the Sewer Enterprise Fund; and General Fund revenues pledged for the Land Acquisition Project, to take advantage of lower interest rates and reduce the total future debt service payments. Semiannual payments range from \$4,433 to \$288,668 and are payable each March 15 and September 15 through 2021. In the event the City fails to make prompt payment, the Trustee may declare the entire unpaid balance immediately due. The City made final payment on this debt during the year ended June 30, 2021.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – LONG-TERM DEBT (Continued)

2005 Civic Center Bond

In 2005, the City issued Revenue Bonds in the aggregate principal amount of \$5,890,000 to refund the 2002 \$1,900,000 Civic Center Project Private Placement Financing and to finance certain public improvements. The original amount of the note (\$5,890,000) was secured by revenues of the Public Financing Authority consisting primarily of lease payments to be received by the Authority from the City under a lease agreement dated July 1, 2005, by and between the Authority and the City which are payable from the City's general fund for lease by the City of certain real property and public facilities located in the City and then constituting the Civic Center Project. There is a provision whereby if the City is unable to make payment or does not comply with bond covenants the Trustee may, and shall at the written direction of the Owners of not less than a majority in aggregate principal amount of Bonds at that time outstanding, declare the principal of all bonds outstanding and the accrued interest thereon to be due and payable immediately. Semiannual payments range from \$7,875 to \$357,875 and are payable each January 1 and July 1 through 2036. During the year ended June 30, 2017 the 2005 Civic Center Bond was partially refunded by the 2016 Civic Center Bond for the purposes of savings on future debt service payments.

Annual debt service requirements to maturity of the 2005 Civic Center Bond are as follows:

Fiscal Year Ending June 30	Principal	Interest
2022	\$ -	\$ 158,331
2023	-	158,331
2024	210,000	153,738
2025	220,000	144,331
2026	230,000	134,488
2027-2031	1,295,000	510,278
2032-2036	<u>1,610,000</u>	<u>187,200</u>
Total	<u>\$ 3,565,000</u>	<u>\$ 1,446,697</u>

2016 Refunding of 2005 Civic Center Bond

In 2016, the City issued Revenue Bonds in the aggregate principal amount of \$1,120,000 to partially refund the 2005 Civic Center Bond. This was done to take advantage of lower interest rates and to save on future debt service payments. As a result, the 2005 Civic Center Bond is considered partially defeased and the liability for that bond is included in the statement of net position. The total debt service payments were reduced by \$49,165. Semiannual payments range from \$1,978 to \$194,978 and are payable each January 1 and July 1 through 2022. There is a provision whereby if the City is unable to make payment or does not comply with bond covenants, the Trustee may declare the principal of all bonds outstanding and the accrued interest thereon to be due and payable immediately.

Annual debt service requirements to maturity of the 2016 Refunding of 2005 Civic Center Bonds are as follows:

Fiscal Year Ending June 30	Principal	Interest
2022	<u>\$ 193,000</u>	<u>\$ 1,978</u>
Total	<u>\$ 193,000</u>	<u>\$ 1,978</u>

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – LONG-TERM DEBT (Continued)

2017 Series Lease Revenue Bonds

In 2018, the Chowchilla Public Financing Authority issued Revenue Bonds in the aggregate principal amount of \$3,630,000 to finance the costs of clean renewable energy projects and other capital improvements. The original amount of the bonds (\$3,630,000) were secured by a pledge of and lien on revenues consisting primarily of lease payments from the City. There is a provision whereby if the City is unable to make payment or does not comply with bond covenants, the Trustee may, and shall at the written direction of the Owners of not less than a majority in aggregate principal amount of Bonds at that time outstanding, declare the principal of all bonds outstanding and the accrued interest thereon to be due and payable immediately. Principal is payable annually on June 1 in amounts ranging from \$10,000 to \$375,000, with interest due semi-annually at variable rates between 2.6% - 5.0%, maturing on June 1, 2047.

Annual debt service requirements to maturity of the 2017 Series Lease Revenue Bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2022	\$ 20,000	\$ 157,872
2023	20,000	157,318
2024	25,000	156,724
2025	25,000	155,929
2026	-	155,117
2027-2031	215,000	761,492
2032-2036	490,000	704,734
2037-2041	970,000	572,090
2042-2046	1,620,000	287,336
2047	<u>230,000</u>	<u>9,994</u>
Total	<u>\$ 3,615,000</u>	<u>\$ 3,118,606</u>

2019 Pension Obligation Bonds

In 2019, the Chowchilla Public Financing Authority issued Pension Obligation Bonds in the aggregate principal amount of \$10,500,000 to finance a portion of the City's unfunded accrued actuarial liability to the California Public Employees' Retirement System (CalPERS) for the benefit of the City's employees and pay the costs of issuance of the bonds. The bonds are unsecured obligations payable from any source of legally available funds of the City, including, but not limited to, amounts held by the City on deposit in its General Fund. Principal is payable annually on July 15 in amounts ranging from \$10,000 to \$640,000, with interest due semi-annually at variable rates between 2.94% - 4.75%, maturing on July 15, 2046. There is a provision whereby if the City is unable to make payment, does not comply with bond covenants, or files for reorganization or arrangement, the trustee may declare the entire unpaid principal and interest immediately due and payable.

Annual debt service requirements to maturity of the 2019 Pension Obligation Bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2022	\$ 425,000	\$ 396,108
2023	495,000	381,901
2024	530,000	365,675
2025	575,000	347,707
2026	620,000	
2027-2031	2,755,000	1,448,427
2032-2036	2,935,000	881,272
2037-2041	1,180,000	347,581
2042-2046	630,000	92,744
2047	<u>10,000</u>	<u>238</u>
Total	<u>\$ 10,155,000</u>	<u>\$ 4,261,653</u>

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – LONG-TERM DEBT (Continued)

State of California Neighborhood Stabilization Program (NSP) Loan

In fiscal year 2010-11, the City entered into a loan agreement with the Department of Housing and Community Development (DHCD). The City could borrow up to \$10,000,000 to assist Olivero Ranch, LLC, in financing construction of 31 multi-family units, of which 30 units will be restricted to households at or below 50% of all AMI households in the City. The entire outstanding principal balance plus all accrued but unpaid interest is due in full on the 55th anniversary of the date of the Project's receipt of certificates of occupancy. There is no interest due on the loan; however, any program income resulting from the financing provided to Olivero Ranch will be returned to the DHCD. The loan will be secured on the property on which the Project is located. The outstanding loan balance as of June 30, 2021 was \$9,913,215. All loan payments will be generated by the operation of the housing development by the private developer which will pass through the City and back to the State.

2001 USDA Sewer Bond

The City entered into a loan agreement in 2001 for \$268,325, with the United States Department of Agriculture-Rural Development (USDA-RD) for the purpose of construction capital improvements for the City's wastewater system. Principal is payable annually on October 1 in amounts from \$10,000 to \$20,000, with interest due semi-annually at 4.375%, maturing on September 1, 2020. There is a provision whereby if the City is unable to make payment, does not comply with covenants, or files for reorganization or rearrangement the trustee may declare the entire unpaid principal and interest immediately due and payable. The City made final payment on this debt during the year ended June 30, 2021.

2001 Water Certificate of Participation

Certificates of Participation (2000 Water System Improvement Project) in the amount of \$1,114,558 were issued on August 30, 2001, for the purpose of financing the acquisition and construction of certain modifications, improvements and additions to the City's water treatment storage and distribution facilities systems. Loan proceeds are utilized for the construction period only and are repaid with a United States Department of Agriculture Rural Development (USDA-RD) Bond Anticipation Note when the project is complete. The amount of the note is secured by the pledge of user fees collected by the Water Enterprise Fund. Principal is payable annually on August 1 in amounts from \$50,000 to \$70,000, with interest due semi-annually at 4.375% and matures on August 1, 2021. There is a provision whereby if the City is unable to make payment, does not comply with covenants, or files for reorganization or rearrangement, the trustee may declare the entire unpaid principal and interest immediately due and payable.

Annual debt service requirements to maturity for certificates of participation are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2022	70,000	1,531
Total	\$ 70,000	\$ 1,531

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – LONG-TERM DEBT (Continued)

2017 Series Water Revenue Bonds

In 2017, the Chowchilla Public Financing Authority issued Revenue Bonds in the aggregate principal amount of \$8,160,000 to finance capital projects in the Water Fund. The original amount of the bonds (\$8,160,000) were secured by installment payments to be made by the City of Chowchilla under an installment sale agreement. There is a provision whereby if the City is unable to make payment or does not comply with bond covenants, the Trustee may, and shall at the written direction of the Owners of not less than a majority in aggregate principal amount of Bonds at that time outstanding, declare the principal of all bonds outstanding and the accrued interest thereon to be due and payable immediately. These installment payments are secured by a pledge of and lien on the net revenues of the Water Fund. Principal is payable annually on June 1 in amounts from \$10,000 to \$775,000, with interest due semi-annually at variable rates between 2.6% - 5.0%, maturing on June 1, 2047.

Annual debt service requirements to maturity of the 2017 Series Water Revenue Bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2022	\$ 30,000	\$ 360,720
2023	35,000	359,832
2024	-	358,737
2025	25,000	358,737
2026	40,000	357,737
2027-2031	580,000	1,745,100
2032-2036	1,345,000	1,580,630
2037-2041	2,470,000	1,233,149
2042-2046	3,310,000	505,066
2047-2048	<u>290,000</u>	<u>12,673</u>
Total	<u>\$ 8,125,000</u>	<u>\$ 6,872,381</u>

2017 Series Wastewater Revenue Bonds

In 2017, the Chowchilla Public Financing Authority issued Revenue Bonds in the aggregate principal amount of \$3,310,000 to finance capital projects in the Sewer fund. The original amount of the bonds (\$3,310,000) was secured by installment payments to be made by the City of Chowchilla under an installment sale agreement. There is a provision whereby if the City is unable to make payment or does not comply with bond covenants the Trustee may and shall at the written direction of the Owners of not less than a majority in aggregate principal amount of Bonds at that time outstanding, declare the principal of all bonds outstanding and the accrued interest thereon to be due and payable immediately. These installment payments are secured by a pledge of and lien on the net revenues of the Sewer Fund. Principal is payable annually on June 1 in amounts from \$75,000 to \$275,000, with interest due semi-annually at variable rates between 2.33%-4.58%, maturing on June 1, 2047.

Annual debt service requirements to maturity of the 2017 Series Wastewater Revenue Bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2022	\$ 35,000	\$ 137,931
2023	35,000	136,531
2024	40,000	135,131
2025	45,000	133,531
2026	50,000	131,731
2027-2031	295,000	628,552
2032-2036	490,000	550,034
2037-2041	760,000	420,362
2042-2046	1,090,000	217,803
2047	<u>275,000</u>	<u>12,595</u>
Total	<u>\$ 3,115,000</u>	<u>\$ 2,504,201</u>

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – LONG-TERM DEBT (Continued)

State Water Revolving Loan

The City entered into a loan agreement in July 2014 with the State Water Resources Control Board for the purpose of undertaking a project which will enable the City to meet safe drinking water standards established pursuant Chapter 4 of Part 12 of Division 104 of the health and safety Code and the California Code of Regulations, Title 22, or to address other health concerns. The City was awarded a loan in the amount of \$3,205,991 for the purpose of installing water meters citywide. The loan is to be repaid over a 20-year period at an interest rate of 0%, which does not begin until the project is completed. In the event of a default, the State shall charge interest in the amount of one tenth of one percent (0.1%) of the delinquent amount each day it remains unpaid past the tenth (10th) day after the date payment was due. The City completed the project during 2018 and the first payment was due on January 1, 2019.

Annual debt service requirements to maturity of the 2017 Series Wastewater Revenue Bonds are as follows:

Fiscal Year Ending June 30,	Principal
2022	\$ 160,300
2023	160,300
2024	160,300
2025	160,300
2026	160,300
2027-2031	801,498
2032-2036	801,498
2037-2039	<u>320,596</u>
Total	<u>\$ 2,725,092</u>

Special Assessment District Debt

On March 15, 2017, the Chowchilla Public Financing Authority issued \$3,138,000 of 2017 Refunding Revenue Bonds (Reassessment District No 2003-1 Greenhills) for the purpose of creating annual debt savings. The total debt service payments were reduced by \$140,898. The 2017 direct placement Refunding Bonds are secured by a pledge of and first lien on the revenues to be derived from the Local Agency Bonds (2003 Local Obligations). The Authority will receive the reserve fund upon final maturity. The City acts as agent for the property owners in collecting assessment installments of principal and interest and forwarding collections to the bond trustee. The City's liability, in the event of delinquent assessments shall not exceed the balance of the established Reserve Fund. The amount outstanding as of June 30, 2021 is \$1,477,000.

On April 30, 2014, the City issued \$3,962,800 of 2013-1 Limited Obligation Refunding Bonds (the "2013 Local Obligations") pursuant to the provisions of the Improvement Bond Act of 1915 to refund the outstanding 2002-1 Local Obligations Improvement Bonds (the "2002-1 Local Obligations"), for the purpose of creating annual debt savings. The direct placement 2013 Local Obligations are fully secured by the unpaid special assessments levied on commitment. The 2013 Local Obligations are not secured by the general taxing power of the City, the State of California, or any political subdivision of the State. The City acts as agent for the property owners in collecting assessment installments of principal and interest and forwarding collections to the bond trustee. The City's liability in the event of delinquent assessments, shall not exceed the balance of the established Reserve Fund. The amount outstanding as of June 30, 2021 is \$2,305,328.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 – LONG-TERM DEBT (Continued)

Special Assessment District Debt (Continued)

In 2007, the City issued Community Facilities District No. 2006-1 Improvement Area 1 Special Tax Bonds in the aggregate principal amount of \$8,615,000 to finance certain capital expenses of the District, to pay costs of issuance of the Bonds, and to fund two years' capitalized interest on the Bonds. The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended. The Bonds (\$8,615,000) are secured under the Trust indenture by a pledge and lien upon Net Taxes levied on parcels within the District and all moneys in the Special Tax Fund. The Bonds were issued for the purpose of financing the acquisition, construction, expansion, improvement, or rehabilitation of facilities to serve the area within the District and its neighboring areas. Semiannual payments range from \$13,375 to \$560,486 and are payable each March 1 and September 1 through 2037. The amount outstanding as of June 30, 2021 is \$6,350,000.

Since the City is not obligated in any manner for special assessment debt, the debt is not recorded in these financial statements.

NOTE 8 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position (and when applicable, the balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditures) until then. The City has pension related items that qualify to be reported in deferred outflows of resources. The pension-related deferred outflows of resources are described in detail in Note 9.

In addition to liabilities, the statement of net position (and when applicable, the balance sheet) will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so, will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category, and they are unavailable revenues and pension deferrals.

Unavailable revenues arise only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	General Fund	CDBG Grants Special Revenue	Other Governmental Funds	Total
Intergovernmental	\$ 162,766	\$ -	\$ 508,936	\$ 671,702
Notes	-	21,579,282	1,525,396	23,104,678
Total	<u>\$ 162,766</u>	<u>\$ 21,579,282</u>	<u>\$ 2,034,332</u>	<u>\$ 23,776,380</u>

The City has pension-related items that qualify to be reported in deferred inflows of resources. The pension-related deferred inflows of resources are described in detail in Note 9.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plans

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Plan (Plan) administered by the California Public Employees’ Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City of Chowchilla (City) sponsors seven rate plans (three miscellaneous and four safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – 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 to 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 the Plan are applied as specified by the Public Employees’ Retirement law.

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

	<u>Miscellaneous 1st Tier</u>	<u>Miscellaneous 2nd Tier</u>	<u>Miscellaneous PEPRA</u>
Hire date	Prior to January 1, 2013	January 1, 2011 thru December 31, 2012	On or after January 1, 2013
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of annual salary	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.75%
Required employer contribution rates	12.361%	8.794%	7.732%
	<u>Safety 1st Tier</u>	<u>Safety (Police) 2nd Tier</u>	<u>Safety (Police) PEPRA</u>
Hire Date	Prior to January 1, 2013	January 1, 2011 thru December 31, 2012	On or after January 1, 2013
Benefit formula	3% @ 55	2% @ 55	2% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of annual salary	2.4% to 3.0%	1.426% to 2.0%	1.426% to 2.0%
Required employee contribution rates	9%	7%	10.0%
Required employer contribution rates	21.746%	14.810%	11.114%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund, if applicable. The dollar amounts are billed on a monthly basis. The City’s contribution for the unfunded liability was \$112,290 for the fiscal year ended June 30, 2021.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plans (Continued)

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. 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. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

The City’s contributions to the Plan recognized as a part of pension expense for the year ended June 30, 2021 were \$523,962.

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

As of June 30, 2021, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$1,290,678.

The City’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

Proportion - June 30, 2019	0.0057%
Proportion - June 30, 2020	0.0119%
Change - Increase (Decrease)	0.0062%

For the year ended June 30, 2021, the City recognized pension expense of \$1,913,272. At June 30, 2021, the City reported deferred outflows of resources and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 648,797	\$ -
Changes of Assumptions	-	6,657
Differences between actual and expected experience	83,956	-
Net differences between projected and actual earnings on plan investments	32,996	-
Change in employer’s proportion	396,445	4,335,223
Differences between the employer’s actual contributions and the employer’s proportionate share of contributions	4,622,178	944,845
Total	<u>\$ 5,784,372</u>	<u>\$ 5,286,725</u>

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

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

\$648,797 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	
2022	\$ (13,209)
2023	(28,165)
2024	(125,918)
2025	16,142
2026	-
Thereafter	-

Actuarial Assumptions

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry- Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15% ⁽¹⁾
Mortality	Derived using CalPERS' Membership Data for all Funds ⁽²⁾

⁽¹⁾ Net of pension plan investment expenses, including inflation

⁽²⁾ The mortality table 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.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 valuation were based on the results of December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experiences Study can be found on the CalPERS website.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability 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 expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected PERF 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 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 expected real rates of return by asset class are as follows:

<u>Asset Class ^(a)</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10^(b)</u>	<u>Real Return Years 11+^(c)</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

^(a) In the CalPERS 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

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate (Continued)

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

Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
\$ 6,557,047	\$ 1,290,678	\$ (3,048,686)

Pension Plan Fiduciary Net Position

Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

The City had an outstanding amount of contributions of \$29,451 due to the pension plan required for the year ended June 30, 2021.

NOTE 10 – POST-RETIREMENT HEALTH CARE BENEFITS

The City provides no post-employment benefits for its employees. However, former employees may be maintained on the City’s health insurance programs through the City’s Consolidated Omnibus Budget Reconciliation Act (COBRA) insurance continuation plan.

NOTE 11 – RISK MANAGEMENT

The City is a member, along with fifty-eight other public entities, of Central San Joaquin Valley Risk Management Authority (the Authority) organized under a joint powers agreement pursuant to the California Government Code for the purpose of operating and maintaining a cooperative program of self-insurance and risk management which benefits its member cities through cost reductions, insurance coverage stability, and loss control techniques. The Authority is governed by a Board of Directors, consisting of one member appointed by each member city. The Authority maintains pooled coverage programs for its member cities for workers’ compensation, liability, auto-physical damage, property, employment practices liability, and errors and omissions coverage. For workers’ compensation and liability programs, each program and program year is accounted for and administered as a separate operation.

Under the pooled liability program, expected claims are actuarially determined as are required deposits to cover those claims along with all estimated operating costs. Each year is retrospectively adjusted five years following its conclusion and any funds remaining are returned to the member city. Likewise, funds paid out in excess of their original deposits are collected from the member city.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – RISK MANAGEMENT (Continued)

The City is covered for the first \$1,000,000 of each general liability claim and \$500,000 of each workers' compensation claim through the Authority. The City has the right to receive refunds of the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under \$1,000,000 and workers' compensation losses under \$500,000. The Authority is a member of the local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) for the purpose of providing excess coverage. Any claims of \$500,000 up to \$150,000,000 are covered under a purchased policy through the membership with the LAWCX. The Authority is a member of the California Affiliated Risk Management Authorities (CARMA) for the purpose of providing excess coverage in a risk sharing pool. The CARMA program provided coverage in excess for the Authority's retained limit up to \$19,000,000.

The financial position results of operations of the Authority are as follows for June 30, 2021:

Total assets	\$ 150,621,596
Total liabilities	<u>129,774,819</u>
Total net position	<u>\$ 20,846,777</u>
Revenues	\$ 55,391,674
Expenses	<u>54,309,239</u>
Change in net position	<u>\$ 1,082,435</u>

At the termination of the joint powers agreement and after all claims have been settled, any excess or deficit will be divided among the cities in accordance with its governing documents.

The City has established the following retained limits for the coverages shown: \$25,000 for liability; \$100,000 for worker's compensation; \$1,000 for property damage; \$500 deductible on vehicles.

NOTE 12 – DEFICIT IN FUND EQUITY

Nonmajor Governmental Funds

SAFER Fire Grant Fund – A deficit in fund balance at June 30, 2021, in the amount of \$1,104, is due to current year expenditures in excess of revenues. This deficit is expected to be alleviated through future revenues or transfers from other funds.

Transit System Fund – A deficit in fund balance at June 30, 2021, in the amount of \$106,170, is due to current year expenditures in excess of revenues. This deficit is expected to be alleviated through future revenues or transfers from other funds.

Internal Service Funds

Fleet Maintenance Internal Service Fund – A deficit in net position at June 30, 2021, in the amount of \$3,473, is due to current year expenditures in excess of revenues. This deficit is expected to be alleviated through future revenues or transfers from other funds.

Information Technology Internal Service Fund – A deficit in net position at June 30, 2021, in the amount of \$16,254, is due to current year expenditures in excess of revenues. This deficit is expected to be alleviated through future revenues or transfers from other funds.

Employee Benefits Internal Service Fund – A deficit in net position at June 30, 2021, in the amount of \$439,456, exists because the fund was established on a pay-as-you go basis for the purpose of funding the annual accrued leave liability. As employees are paid for their accumulated leave in the future, the fund in which their normal salary is charged makes a transfer to the Employee Benefit Fund to offset the expense.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 – COMMITMENTS AND CONTINGENCIES

General Liability

There are various claims and legal actions pending against the City for which no provision has been made in the financial statements. In the opinion of the City Attorney and City Management, liabilities arising from these claims and legal actions, if any, will not be material to these financial statements.

Federal Awards and Grants

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At June 30, 2021, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in:		
	Restricted	Committed	Assigned
	Fund Balance	Fund Balance	Fund Balance
General Fund	\$ -	\$ -	\$ 345,439
Capital Projects Fund	150,433	-	-
Measure N	151,651	-	-
Non-Major Governmental	135,262	-	-

COVID-19 Pandemic

On March 11, 2020 the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. Accordingly, some functions of the City's operations have been limited to protect the health and safety of its employees. The financial impact that could occur as a result of the pandemic is unknown at this time.

NOTE 14 – RESTATEMENT OF BEGINNING FUND BALANCE

A. Implementation of GASB 84

The City has adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, which became effective during the year ended June 30, 2021. The intention of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 14 – RESTATEMENT OF BEGINNING FUND BALANCE (Continued)

B. Prior Period Adjustment

During the current fiscal year management became aware that certain revenues previously recorded as fiduciary fund activity did not meet the criteria for reporting as fiduciary. The revenues for these activities have been determined to be properly reported within the City’s General Fund. Accordingly, the city has recorded a prior period adjustment for this misstatement.

A summary of the original net position and effects of the correction are noted below.

	<u>Government- Wide</u>	<u>Governmental Funds</u>	<u>Fiduciary Fund</u>
	<u>Governmental Activities</u>	<u>General Fund</u>	<u>Custodial</u>
Fund balance/net position, June 30, 2020, as previously reported	<u>\$ 29,246,976</u>	<u>\$ 5,455,298</u>	<u>\$ -</u>
Prior period adjustments:			
Understatement of revenue	<u>216,994</u>	<u>216,994</u>	<u>-</u>
Total prior period adjustments	<u>216,994</u>	<u>216,994</u>	<u>-</u>
Change in accounting principle:			
Record the beginning custodial net position in compliance with GASB84	<u>-</u>	<u>-</u>	<u>2,699,400</u>
Total change in accounting principle	<u>-</u>	<u>-</u>	<u>2,699,400</u>
Fund balance/net position, July 1, 2020, as restated	<u>\$ 29,463,970</u>	<u>\$ 5,672,292</u>	<u>\$ 2,699,400</u>

NOTE 15 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 (“the Bill”) that dissolved all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Chowchilla that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, the city of another unit of local government will agree to serve as the “Successor Agency” to hold the assets until they are distributed to other units of state and local government. On January 10, 2012 the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution Number 5-12.

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

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 15 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

(Continued)

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

The Bill directs the State Controller of the State of California to renew the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure of encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the Successor Agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the Successor Agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue favorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

Cash and Investments

As of June 30, 2021, the Successor Agency has a cash and investment balance of \$74,160.

Long-Term Debt

Long-term debt reported in the Successor Agency Trust Fund at June 30, 2021 was comprised of the following:

	<u>June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due More Than One Year</u>
2016 Successor Agency Tax Refunding Bond	\$ 5,450,000	\$ -	\$ (250,000)	\$ 5,200,000	\$ 260,000	\$ 4,940,000
Add: Premiums	<u>205,444</u>	<u>-</u>	<u>(12,689)</u>	<u>192,755</u>	<u>-</u>	<u>192,755</u>
Total	<u>\$ 5,655,444</u>	<u>\$ -</u>	<u>\$ (262,689)</u>	<u>\$ 5,392,755</u>	<u>\$ 260,000</u>	<u>\$ 5,132,755</u>

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 15 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY
(Continued)

2016 Successor Agency Tax Allocation Refunding Bonds

In 2016, the Successor Agency of the City of Chowchilla issued Tax Allocation Refunding Bonds in the aggregate principal amount of \$6,190,000 to refund the 2005 RDA Tax Allocation Bonds. This was done to take advantage of lower interest rates and to save on future debt service payments. As a result, the 2005 RDA Tax Allocation Bonds are considered defeased and the liability for that bond is not included in fiduciary fund (private-purpose trust fund) statement of net position. The total debt service payments were reduced by \$365,124. The original amount of the note - \$6,190,000 – was secured by a pledge of tax revenues consisting of tax increment payments to be received by the Successor Agency. Semiannual payments range from \$5,294 to \$390,294 and are payable each February 1 and August 1 through 2036.

There is a provision whereby if the Successor Agency is unable to make payment, does not comply with bond covenants, or files for reorganization or arrangement, the Trustee may declare the principal of all bonds outstanding and the accrued interest thereon to be due and payable immediately.

Annual debt service requirements to maturity of the 2016 Successor Agency Tax Allocation Refunding Bonds are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 260,000	\$ 146,856
2023	265,000	138,981
2024	275,000	130,881
2025	285,000	121,056
2026-2030	1,595,000	425,619
2031-2035	1,760,000	216,591
2036-2037	<u>760,000</u>	<u>21,038</u>
Total	<u>\$ 5,200,000</u>	<u>\$ 1,201,022</u>

Insurance

The Successor Agency is covered under the City of Chowchilla's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage can be found in Note 11.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHOWCHILLA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 2,986,614	\$ 2,986,614	\$ 3,648,384	\$ 661,770
Licenses and permits	298,800	666,057	729,578	63,521
Fines and penalties	218,098	283,098	122,340	(160,758)
Intergovernmental	2,656,614	2,657,450	2,967,329	309,879
Use of money and property	204,694	204,694	127,120	(77,574)
Charges for services	158,489	192,354	144,776	(47,578)
Miscellaneous	<u>77,457</u>	<u>101,307</u>	<u>218,240</u>	<u>116,933</u>
Total revenues	<u>6,600,766</u>	<u>7,091,574</u>	<u>7,957,767</u>	<u>866,193</u>
EXPENDITURES				
Current:				
General government	547,337	526,176	343,275	182,901
Public safety	4,301,443	4,003,471	3,687,910	315,561
Culture and recreation	613,455	556,830	502,590	54,240
Community development	619,411	1,062,112	837,514	224,598
Capital outlay	<u>283,165</u>	<u>1,345,165</u>	<u>265,366</u>	<u>1,079,799</u>
Total expenditures	<u>6,364,811</u>	<u>7,493,754</u>	<u>5,636,655</u>	<u>1,857,099</u>
Excess (deficiency) of revenues over (under) expenditures	<u>235,955</u>	<u>(402,180)</u>	<u>2,321,112</u>	<u>2,723,292</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	164,700	1,210,347	456,998	(753,349)
Transfers out	<u>(866,875)</u>	<u>(1,345,456)</u>	<u>(1,321,234)</u>	<u>24,222</u>
Total other financing sources (uses)	<u>(702,175)</u>	<u>(135,109)</u>	<u>(864,236)</u>	<u>(729,127)</u>
Net change in fund balance	<u>\$ (466,220)</u>	<u>\$ (537,289)</u>	1,456,876	<u>\$ 1,994,165</u>
Fund balances - beginning, restated			<u>5,672,292</u>	
Fund balances - ending			<u>\$ 7,129,168</u>	

CITY OF CHOWCHILLA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
CDBG GRANTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental	\$ 530,000	\$ 2,121,190	\$ 51,668	\$ (2,069,522)
Use of money and property	15,230	15,230	3,803	(11,427)
Charges for services	<u>10,700</u>	<u>10,700</u>	<u>37,816</u>	<u>27,116</u>
Total revenues	<u>555,930</u>	<u>2,147,120</u>	<u>93,287</u>	<u>(2,053,833)</u>
EXPENDITURES				
Current:				
Community development	<u>606,820</u>	<u>2,198,010</u>	<u>61,277</u>	<u>2,136,733</u>
Total expenditures	<u>606,820</u>	<u>2,198,010</u>	<u>61,277</u>	<u>2,136,733</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,890)</u>	<u>(50,890)</u>	<u>32,010</u>	<u>82,900</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>8,000</u>	<u>43,000</u>	<u>42,944</u>	<u>(56)</u>
Total other financing sources (uses)	<u>8,000</u>	<u>43,000</u>	<u>42,944</u>	<u>(56)</u>
Net change in fund balance	<u>\$ (42,890)</u>	<u>\$ (7,890)</u>	74,954	<u>\$ 82,844</u>
Fund balances - beginning			<u>922,511</u>	
Fund balances - ending			<u>\$ 997,465</u>	

CITY OF CHOWCHILLA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
IMPACT FEES SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Use of money and property	\$ 72,171	\$ 72,171	\$ 15,902	\$ (56,269)
Charges for services	31,967	31,967	102,757	70,790
Miscellaneous	<u>2,350</u>	<u>2,350</u>	-	<u>(2,350)</u>
Total revenues	<u>106,488</u>	<u>106,488</u>	<u>118,659</u>	<u>12,171</u>
Excess (deficiency) of revenues over (under) expenditures	<u>106,488</u>	<u>106,488</u>	<u>118,659</u>	<u>12,171</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	-
Total other financing sources (uses)	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	-
Net change in fund balance	<u>\$ 61,488</u>	<u>\$ 61,488</u>	73,659	<u>\$ 12,171</u>
Fund balances - beginning			<u>3,448,797</u>	
Fund balances - ending			<u>\$ 3,522,456</u>	

CITY OF CHOWCHILLA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
MEASURE N SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 1,614,000	\$ 1,614,000	\$ 2,447,009	\$ 833,009
Use of money and property	11,000	11,000	9,014	(1,986)
Miscellaneous	<u>-</u>	<u>-</u>	<u>9,403</u>	<u>9,403</u>
Total revenues	<u>1,625,000</u>	<u>1,625,000</u>	<u>2,465,426</u>	<u>840,426</u>
EXPENDITURES				
Current:				
Public safety	<u>1,393,127</u>	<u>1,393,127</u>	<u>757,224</u>	<u>635,903</u>
Total expenditures	<u>1,393,127</u>	<u>1,393,127</u>	<u>757,224</u>	<u>635,903</u>
Excess (deficiency) of revenues over (under) expenditures	<u>231,873</u>	<u>231,873</u>	<u>1,708,202</u>	<u>1,476,329</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(159,096)</u>	<u>(684,096)</u>	<u>(170,494)</u>	<u>513,602</u>
Total other financing sources (uses)	<u>(159,096)</u>	<u>(684,096)</u>	<u>(170,494)</u>	<u>513,602</u>
Net change in fund balance	<u>\$ 72,777</u>	<u>\$ (452,223)</u>	1,537,708	<u>\$ 1,989,931</u>
Fund balances - beginning			<u>1,588,589</u>	
Fund balances - ending			<u>\$ 3,126,297</u>	

CITY OF CHOWCHILLA

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

NOTE 1 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The City establishes annual budgets for the General, Special Revenue Funds, and Capital Projects Funds. Except for encumbrances and long-term projects in progress, which are carried forward to the following year, all appropriations remaining will lapse at year end. The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedules:

- 1) The department heads prepare a budget request based upon the previous year's expenditures.
- 2) A meeting is held between the department heads, Finance Director and the City Administrator for the purpose of reviewing and prioritizing the budget requests.
- 3) The City Administrator submits the proposed City Budget to the City Council, who makes decisions regarding department budgets.
- 4) The approved budget is placed in the City accounting system and monitored by the Finance Department as well as by the department heads.
- 5) Budgets are adopted on the modified accrual basis. Revenues are budgeted in the year receipt is expected, and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued. The Debt Service Fund budget is prepared to provide funding for general obligation debt service when liabilities are due for payment. The level of control (level at which expenditures may not exceed budget) is at fund level for the General Fund, fund level for the Special Revenue Funds, and project level for the Capital Projects Funds.

CITY OF CHOWCHILLA

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF THE CITY'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 YEARS*
AS OF JUNE 30, 2021**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Proportion of the net pension liability	0.1141%	0.1170%	0.1107%	0.1088%	0.1102%	0.0057%	0.0119%
Proportionate share of the net pension liability	\$ 7,165,731	\$ 8,032,145	\$ 9,583,127	\$ 10,793,945	\$ 10,615,478	\$ 579,267	\$ 1,290,678
Covered payroll	\$ 3,644,535	\$ 3,617,983	\$ 3,411,501	\$ 3,728,201	\$ 3,960,212	\$ 3,991,276	\$ 4,313,602
Proportionate share of the net pension liability as percentage of covered payroll	196.62%	222.01%	280.91%	289.52%	268.05%	14.51%	29.92%
Plan fiduciary net position as a percentage of the total pension liability	78.02%	74.09%	70.07%	69.45%	70.84%	99.14%	97.37%

Notes to Schedule:

Change in Benefit Terms - None

Change in Assumptions - None

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF CHOWCHILLA

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
LAST 10 YEARS*
AS OF JUNE 30, 2021**

	2014	2015	2016	2017	2018	2019	2020	2021
Actuarly required contribution (actuarially determined)	\$ 788,942	\$ 745,347	\$ 848,864	\$ 942,347	\$ 1,034,227	\$ 694,478	\$ 523,962	\$ 648,797
Contributions in relation to the actuarially determined contributions	<u>788,942</u>	<u>745,347</u>	<u>848,864</u>	<u>942,347</u>	<u>1,034,227</u>	<u>11,304,271</u>	<u>523,962</u>	<u>648,797</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,609,793)	\$ -	\$ -
Covered payroll	\$ 3,644,535	\$ 3,617,983	\$ 3,411,501	\$ 3,728,201	\$ 3,960,212	\$ 3,991,276	\$ 4,313,602	\$ 4,892,282
Contributions as a percentage of covered payroll	21.65%	20.60%	24.88%	25.28%	26.12%	283.22%	12.15%	13.26%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTARY INFORMATION

CITY OF CHOWCHILLA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021**

	State Gas Tax	SB1	Street & Road (LTF)	SAFER Fire Grant Fund	Measure T Fund	Maintenance Assessment District
ASSETS						
Cash and investments	\$ 982,518	\$ 663,375	\$ 1,186,212	\$ -	\$ 1,419,066	\$ 638,993
Accounts receivable	-	-	45,771	-	-	-
Intergovernmental receivables	16,846	63,241	299,735	-	137,947	10,282
Notes receivable, net	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 999,364</u>	<u>\$ 726,616</u>	<u>\$ 1,531,718</u>	<u>\$ -</u>	<u>\$ 1,557,013</u>	<u>\$ 649,275</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 63,798	\$ -	\$ 1,171	\$ 10,782
Due to other funds	-	-	-	1,104	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,104</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>63,798</u>	<u>1,104</u>	<u>1,171</u>	<u>10,782</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	-	-	299,735	-	99,455	-
	<u>-</u>	<u>-</u>	<u>299,735</u>	<u>-</u>	<u>99,455</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>299,735</u>	<u>-</u>	<u>99,455</u>	<u>-</u>
FUND BALANCES (DEFICIT)						
Restricted for:						
Highway and streets	999,364	726,616	1,168,185	-	1,456,387	638,493
Community development	-	-	-	-	-	-
Transit	-	-	-	-	-	-
Unassigned	-	-	-	(1,104)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,104)</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>999,364</u>	<u>726,616</u>	<u>1,168,185</u>	<u>(1,104)</u>	<u>1,456,387</u>	<u>638,493</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 999,364</u>	<u>\$ 726,616</u>	<u>\$ 1,531,718</u>	<u>\$ -</u>	<u>\$ 1,557,013</u>	<u>\$ 649,275</u>

CITY OF CHOWCHILLA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021
(Continued)**

	Transit System	Home Investment Partnership Program	EDBG Grants	Low and Moderate Income Housing Asset Fund	Total
ASSETS					
Cash and investments	\$ -	\$ 1,311,496	\$ 66,672	\$ -	\$ 6,268,332
Accounts receivable	-	-	-	-	45,771
Intergovernmental receivables	427,435	-	-	-	955,486
Notes receivable, net	-	1,447,962	-	77,434	1,525,396
Land held for resale	-	-	-	104,000	104,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,000</u>	<u>104,000</u>
 Total assets	 <u>\$ 427,435</u>	 <u>\$ 2,759,458</u>	 <u>\$ 66,672</u>	 <u>\$ 181,434</u>	 <u>\$ 8,898,985</u>
LIABILITIES					
Accounts payable	\$ 2,181	\$ 207	\$ 1,320	\$ -	\$ 79,459
Due to other funds	421,678	-	-	45,559	468,341
	<u>423,859</u>	<u>207</u>	<u>1,320</u>	<u>45,559</u>	<u>547,800</u>
 Total liabilities	 <u>423,859</u>	 <u>207</u>	 <u>1,320</u>	 <u>45,559</u>	 <u>547,800</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	109,746	1,447,962	-	77,434	2,034,332
	<u>109,746</u>	<u>1,447,962</u>	<u>-</u>	<u>77,434</u>	<u>2,034,332</u>
 Total deferred inflows of resources	 <u>109,746</u>	 <u>1,447,962</u>	 <u>-</u>	 <u>77,434</u>	 <u>2,034,332</u>
FUND BALANCES (DEFICIT)					
Restricted for:					
Highway and streets	-	-	-	-	4,989,045
Community development	-	1,311,289	65,352	58,441	1,435,082
Transit	-	-	-	-	-
Unassigned	(106,170)	-	-	-	(107,274)
	<u>(106,170)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(107,274)</u>
 Total fund balances (deficit)	 <u>(106,170)</u>	 <u>1,311,289</u>	 <u>65,352</u>	 <u>58,441</u>	 <u>6,316,853</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 427,435</u>	 <u>\$ 2,759,458</u>	 <u>\$ 66,672</u>	 <u>\$ 181,434</u>	 <u>\$ 8,898,985</u>

CITY OF CHOWCHILLA

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

	State Gas Tax	SB1	Street & Road (LTF)	SAFER Fire Grant Fund	Measure T Fund	Maintenance Assessment District
REVENUES						
Intergovernmental	\$ 381,332	\$ 347,041	\$ 132,943	\$ -	\$ 751,017	\$ -
Use of money and property	3,337	1,930	2,940	-	-	3,724
Charges for services	-	-	-	-	-	312,655
Miscellaneous	-	-	10,767	-	-	-
Total revenues	<u>384,669</u>	<u>348,971</u>	<u>146,650</u>	<u>-</u>	<u>751,017</u>	<u>316,379</u>
EXPENDITURES						
Current:						
Public safety	-	-	-	1,104	-	-
Highway and streets	-	-	307,688	-	129,417	297,964
Community development	-	-	-	-	-	-
Capital outlay	-	-	115,630	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>423,318</u>	<u>1,104</u>	<u>129,417</u>	<u>297,964</u>
Excess (deficiency) of revenues over (under) expenditures	<u>384,669</u>	<u>348,971</u>	<u>(276,668)</u>	<u>(1,104)</u>	<u>621,600</u>	<u>18,415</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	14,502	469,523	-	-	-
Transfers out	<u>(13,310)</u>	<u>-</u>	<u>(148,595)</u>	<u>-</u>	<u>(239,781)</u>	<u>(488,228)</u>
Total other financing sources (uses)	<u>(13,310)</u>	<u>14,502</u>	<u>320,928</u>	<u>-</u>	<u>(239,781)</u>	<u>(488,228)</u>
Net change in fund balances	371,359	363,473	44,260	(1,104)	381,819	(469,813)
Fund balances (deficit) - beginning	<u>628,005</u>	<u>363,143</u>	<u>1,123,925</u>	<u>-</u>	<u>1,074,568</u>	<u>1,108,306</u>
Fund balances (deficit) - ending	<u>\$ 999,364</u>	<u>\$ 726,616</u>	<u>\$ 1,168,185</u>	<u>\$ (1,104)</u>	<u>\$ 1,456,387</u>	<u>\$ 638,493</u>

CITY OF CHOWCHILLA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(Continued)**

	Transit System	Home Investment Partnership Program	EDBG Grants	Low and Moderate Income Housing Asset Fund	Total
REVENUES					
Intergovernmental	\$ 234,119	\$ 1,304,329	\$ -	\$ -	\$ 3,150,781
Use of money and property	-	642	606	-	13,179
Charges for services	14,193	-	-	-	326,848
Miscellaneous	9,055	-	-	-	19,822
	<u>257,367</u>	<u>1,304,971</u>	<u>606</u>	<u>-</u>	<u>3,510,630</u>
Total revenues					
EXPENDITURES					
Current:					
Public safety	-	-	-	-	1,104
Highway and streets	340,158	-	-	-	1,075,227
Community development	-	2,911	30,205	-	33,116
Capital outlay	-	-	-	-	115,630
	<u>340,158</u>	<u>2,911</u>	<u>30,205</u>	<u>-</u>	<u>1,225,077</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures	<u>(82,791)</u>	<u>1,302,060</u>	<u>(29,599)</u>	<u>-</u>	<u>2,285,553</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	710	-	484,735
Transfers out	<u>(23,383)</u>	<u>(710)</u>	<u>(42,944)</u>	<u>-</u>	<u>(956,951)</u>
	<u>(23,383)</u>	<u>(710)</u>	<u>(42,234)</u>	<u>-</u>	<u>(472,216)</u>
Total other financing sources (uses)					
Net change in fund balances	(106,174)	1,301,350	(71,833)	-	1,813,337
Fund balances (deficit) - beginning	<u>4</u>	<u>9,939</u>	<u>137,185</u>	<u>58,441</u>	<u>4,503,516</u>
Fund balances (deficit) - ending	<u>\$ (106,170)</u>	<u>\$ 1,311,289</u>	<u>\$ 65,352</u>	<u>\$ 58,441</u>	<u>\$ 6,316,853</u>

CITY OF CHOWCHILLA

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2021**

	Storm Drain	Airport	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Cash and investments	\$ 1,823,018	\$ 77,799	\$ 1,900,817
Accounts receivable, net	30,249	-	30,249
Intergovernmental receivables	<u>-</u>	<u>19,399</u>	<u>19,399</u>
Total current assets	<u>1,853,267</u>	<u>97,198</u>	<u>1,950,465</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	394,200	452,951	847,151
Depreciable, net of accumulated depreciation	<u>198,936</u>	<u>121,131</u>	<u>320,067</u>
Total noncurrent assets	<u>593,136</u>	<u>574,082</u>	<u>1,167,218</u>
Total assets	<u>2,446,403</u>	<u>671,280</u>	<u>3,117,683</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan in current fiscal year	3,015	1,186	4,201
Deferred outflows of resources from pensions	<u>33,183</u>	<u>12,171</u>	<u>45,354</u>
Total deferred outflows of resources	<u>36,198</u>	<u>13,357</u>	<u>49,555</u>
LIABILITIES			
Current liabilities:			
Accounts payable	<u>11,794</u>	<u>3,580</u>	<u>15,374</u>
Total current liabilities	<u>11,794</u>	<u>3,580</u>	<u>15,374</u>
Noncurrent liabilities:			
Net pension liability	<u>5,519</u>	<u>2,170</u>	<u>7,689</u>
Total noncurrent liabilities	<u>5,519</u>	<u>2,170</u>	<u>7,689</u>
Total liabilities	<u>17,313</u>	<u>5,750</u>	<u>23,063</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources from pensions	<u>33,708</u>	<u>12,425</u>	<u>46,133</u>
Total deferred outflows of resources	<u>33,708</u>	<u>12,425</u>	<u>46,133</u>
NET POSITION			
Net investment in capital assets	593,136	574,082	1,167,218
Unrestricted	<u>1,838,444</u>	<u>92,380</u>	<u>1,930,824</u>
Total net position	<u>\$ 2,431,580</u>	<u>\$ 666,462</u>	<u>\$ 3,098,042</u>

CITY OF CHOWCHILLA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Storm Drain</u>	<u>Airport</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 212,646	\$ 18,873	\$ 231,519
Miscellaneous	<u>764</u>	<u>2,831</u>	<u>3,595</u>
Total operating revenues	<u>213,410</u>	<u>21,704</u>	<u>235,114</u>
Operating expenses:			
Personnel services	35,724	14,875	50,599
Materials, supplies and services	7,634	16,628	24,262
Depreciation	<u>2,924</u>	<u>14,683</u>	<u>17,607</u>
Total operating expenses	<u>46,282</u>	<u>46,186</u>	<u>92,468</u>
Operating income (loss)	<u>167,128</u>	<u>(24,482)</u>	<u>142,646</u>
Nonoperating revenues (expenses):			
Use of money and property	7,400	250	7,650
Taxes	-	18,514	18,514
Grants - capital	-	2,054	2,054
Grants - operating	<u>-</u>	<u>4,229</u>	<u>4,229</u>
Total nonoperating revenues (expenses)	<u>7,400</u>	<u>25,047</u>	<u>32,447</u>
Change in net position	174,528	565	175,093
Net position - beginning	<u>2,257,052</u>	<u>665,897</u>	<u>2,922,949</u>
Net position - ending	<u>\$ 2,431,580</u>	<u>\$ 666,462</u>	<u>\$ 3,098,042</u>

CITY OF CHOWCHILLA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Storm Drain</u>	<u>Airport</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 206,238	\$ 18,873	\$ 225,111
Payments to suppliers	(19,403)	(30,068)	(49,471)
Payments to employees	(29,147)	(12,335)	(41,482)
Other operating revenues	<u>764</u>	<u>2,831</u>	<u>3,595</u>
Net cash provided by (used for) operating activities	<u>158,452</u>	<u>(20,699)</u>	<u>137,753</u>
Cash flows from noncapital financing activities:			
Grants received	-	4,229	4,229
Taxes received	<u>-</u>	<u>18,514</u>	<u>18,514</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>22,743</u>	<u>22,743</u>
Cash flows from capital and related financing activities:			
Grants received	-	20,648	20,648
Acquisition of capital assets	<u>(202,851)</u>	<u>-</u>	<u>(202,851)</u>
Net cash provided by (used for) capital and related financing activities	<u>(202,851)</u>	<u>20,648</u>	<u>(182,203)</u>
Cash flows from investing activities:			
Interest received	<u>7,400</u>	<u>250</u>	<u>7,650</u>
Net cash provided by investing activities	<u>7,400</u>	<u>250</u>	<u>7,650</u>
Net increase (decrease) in cash and cash equivalents	(36,999)	22,942	(14,057)
Cash and cash equivalents - beginning	<u>1,860,017</u>	<u>54,857</u>	<u>1,914,874</u>
Cash and cash equivalents - ending	<u>\$ 1,823,018</u>	<u>\$ 77,799</u>	<u>\$ 1,900,817</u>

CITY OF CHOWCHILLA

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(Continued)**

	<u>Storm Drain</u>	<u>Airport</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 167,128	\$ (24,482)	\$ 142,646
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	2,924	14,683	17,607
(Increase) decrease in:			
Accounts receivable	(6,408)	-	(6,408)
Deferred outflows of resources from pensions	14,382	5,061	19,443
Increase (decrease) in:			
Accounts payable and other liabilities	(11,769)	(13,440)	(25,209)
Net pension liability	3,417	1,404	4,821
Deferred inflows of resources from pension	<u>(11,222)</u>	<u>(3,925)</u>	<u>(15,147)</u>
Net cash provided by (used for) operating activities	<u>\$ 158,452</u>	<u>\$ (20,699)</u>	<u>\$ 137,753</u>

CITY OF CHOWCHILLA

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2021**

	<u>Fleet Maintenance</u>	<u>Information Technology</u>	<u>Employee Benefits</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ 9,863	\$ -	\$ 218,496	\$ 228,359
Accounts receivable, net	180	-	-	180
Prepaid expenses	<u>-</u>	<u>8,722</u>	<u>(2,000)</u>	<u>6,722</u>
Total current assets	<u>10,043</u>	<u>8,722</u>	<u>216,496</u>	<u>235,261</u>
Noncurrent assets:				
Capital assets:				
Depreciable, net of accumulated depreciation	<u>-</u>	<u>104,528</u>	<u>-</u>	<u>104,528</u>
Total noncurrent assets	<u>-</u>	<u>104,528</u>	<u>-</u>	<u>104,528</u>
Total assets	<u>10,043</u>	<u>113,250</u>	<u>216,496</u>	<u>339,789</u>
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan in current fiscal year	12,298	16,803	-	29,101
Deferred outflows of resources from pensions	<u>122,550</u>	<u>132,501</u>	<u>-</u>	<u>255,051</u>
Total deferred outflows of resources	<u>134,848</u>	<u>149,304</u>	<u>-</u>	<u>284,152</u>
LIABILITIES				
Current liabilities:				
Accrued salaries, wages, and benefits	605	18,146	5,148	23,899
Accrued payroll	-	-	224,060	224,060
Due to other funds	-	97,186	-	97,186
Compensated absences	<u>-</u>	<u>-</u>	<u>323,509</u>	<u>323,509</u>
Total current liabilities	<u>605</u>	<u>115,332</u>	<u>552,717</u>	<u>668,654</u>
Noncurrent liabilities:				
Compensated absences	-	-	103,235	103,235
Net pension liability	<u>22,509</u>	<u>30,756</u>	<u>-</u>	<u>53,265</u>
Total noncurrent liabilities	<u>22,509</u>	<u>30,756</u>	<u>103,235</u>	<u>156,500</u>
Total liabilities	<u>23,114</u>	<u>146,088</u>	<u>655,952</u>	<u>825,154</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources from pensions	<u>125,250</u>	<u>138,318</u>	<u>-</u>	<u>263,568</u>
Total deferred inflows of resources	<u>125,250</u>	<u>138,318</u>	<u>-</u>	<u>263,568</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	-	104,528	-	104,528
Unrestricted (deficit)	<u>(3,473)</u>	<u>(126,380)</u>	<u>(439,456)</u>	<u>(569,309)</u>
Total net position (deficit)	<u>\$ (3,473)</u>	<u>\$ (21,852)</u>	<u>\$ (439,456)</u>	<u>\$ (464,781)</u>

CITY OF CHOWCHILLA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Fleet Maintenance</u>	<u>Information Technology</u>	<u>Employee Benefits</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 223,435	\$ 445,036	\$ -	\$ 668,471
Miscellaneous	<u>4,914</u>	<u>269</u>	<u>-</u>	<u>5,183</u>
Total operating revenues	<u>228,349</u>	<u>445,305</u>	<u>-</u>	<u>673,654</u>
Operating expenses:				
Personnel services	159,731	223,001	13,785	396,517
Materials, supplies and services	89,256	258,510	-	347,766
Depreciation	<u>-</u>	<u>10,562</u>	<u>-</u>	<u>10,562</u>
Total operating expenses	<u>248,987</u>	<u>492,073</u>	<u>13,785</u>	<u>754,845</u>
Operating income (loss)	<u>(20,638)</u>	<u>(46,768)</u>	<u>(13,785)</u>	<u>(81,191)</u>
Nonoperating revenues (expenses):				
Gain (loss) sale of assets	<u>-</u>	<u>(10,542)</u>	<u>-</u>	<u>(10,542)</u>
Total nonoperating revenues (expenses)	<u>-</u>	<u>(10,542)</u>	<u>-</u>	<u>(10,542)</u>
Change in net position	(20,638)	(57,310)	(13,785)	(91,733)
Net position - beginning, restated	<u>17,165</u>	<u>35,458</u>	<u>(425,671)</u>	<u>(373,048)</u>
Net position (deficit) - ending	<u>\$ (3,473)</u>	<u>\$ (21,852)</u>	<u>\$ (439,456)</u>	<u>\$ (464,781)</u>

CITY OF CHOWCHILLA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Fleet Maintenance	Information Technology	Employee Benefits	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 223,255	\$ 445,036	\$ -	\$ 668,291
Payments to suppliers	(91,399)	(282,018)	-	(373,417)
Payments to or received from employees	(134,180)	(189,392)	(45,656)	(369,228)
Other operating revenues	4,914	269	-	5,183
Net cash provided by (used for) operating activities	<u>2,590</u>	<u>(26,105)</u>	<u>(45,656)</u>	<u>(69,171)</u>
Cash flows from noncapital financing activities:				
Loan from other funds	-	96,727	-	96,727
Net cash provided by noncapital financing activities	<u>-</u>	<u>96,727</u>	<u>-</u>	<u>96,727</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	(70,622)	-	(70,622)
Net cash provided by (used for) related financing activities	<u>-</u>	<u>(70,622)</u>	<u>-</u>	<u>(70,622)</u>
Net increase (decrease) in cash and cash equivalents	2,590	-	(45,656)	(43,066)
Cash and cash equivalents - beginning	7,273	-	264,152	271,425
Cash and cash equivalents - ending	<u>\$ 9,863</u>	<u>\$ -</u>	<u>\$ 218,496</u>	<u>\$ 228,359</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (20,638)	\$ (46,768)	\$ (13,785)	\$ (81,191)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	-	10,562	-	10,562
(Increase) decrease in:				
Accounts receivable	(180)	-	-	(180)
Prepaid expenses	-	5,598	66,031	71,629
Deferred outflows of resources from pensions	50,572	45,328	-	95,900
Increase (decrease) in:				
Accounts payable and other liabilities	(2,143)	(29,106)	(111,687)	(142,936)
Deposits	-	-	-	-
Compensated absences	-	-	13,785	13,785
Net pension liability	13,333	22,662	-	35,995
Deferred inflows of resources from pensions	<u>(38,354)</u>	<u>(34,381)</u>	<u>-</u>	<u>(72,735)</u>
Net cash provided by (used for) operating activities	<u>\$ 2,590</u>	<u>\$ (26,105)</u>	<u>\$ (45,656)</u>	<u>\$ (69,171)</u>

CITY OF CHOWCHILLA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2021**

	<u>Community Facilities District</u>	<u>Greenhills Assessment District</u>	<u>Pheasant Run Assessment District</u>	<u>Total Custodial Funds</u>
ASSETS				
Cash and investments (in City investment pool)	\$ 833,597	595,474	582,813	\$ 2,011,884
Restricted cash with fiscal agents	558,388	78,884	116,355	753,627
Accounts receivable (net)	<u>3,574</u>	<u>16,279</u>	<u>19,332</u>	<u>39,185</u>
Total assets	<u>1,395,559</u>	<u>690,637</u>	<u>718,500</u>	<u>2,804,696</u>
LIABILITIES				
Accounts payable	<u>3,968</u>	<u>2,998</u>	<u>2,001</u>	<u>8,967</u>
Total liabilities	<u>3,968</u>	<u>2,998</u>	<u>2,001</u>	<u>8,967</u>
NET POSITION				
Restricted for:				
Individuals, organizations, and other governments	<u>1,391,591</u>	<u>687,639</u>	<u>716,499</u>	<u>2,795,729</u>
Total net position	<u>\$ 1,391,591</u>	<u>\$ 687,639</u>	<u>\$ 716,499</u>	<u>\$ 2,795,729</u>

CITY OF CHOWCHILLA

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2021**

	<u>Community Facilities District</u>	<u>Greenhills Assessment District</u>	<u>Pheasant Run Assessment District</u>	<u>Total Custodial Funds</u>
ADDITIONS				
Property tax collections	\$ 577,229	\$ 649,273	\$ 400,215	\$ 1,626,717
Investment earnings	<u>1,752</u>	<u>1,861</u>	<u>1,459</u>	<u>5,072</u>
Total additions	<u>578,981</u>	<u>651,134</u>	<u>401,674</u>	<u>1,631,789</u>
DEDUCTIONS				
Payments to bondholders	\$ 556,206	\$ 535,091	\$ 374,169	\$ 1,465,466
Administrative expenses	<u>33,899</u>	<u>21,369</u>	<u>14,726</u>	<u>69,994</u>
Total deductions	<u>590,105</u>	<u>556,460</u>	<u>388,895</u>	<u>1,535,460</u>
Change in net position	<u>(11,124)</u>	<u>94,674</u>	<u>12,779</u>	<u>96,329</u>
Net position - beginning, restated	<u>1,402,715</u>	<u>592,965</u>	<u>703,720</u>	<u>2,699,400</u>
Net position - ending	<u>\$ 1,391,591</u>	<u>\$ 687,639</u>	<u>\$ 716,499</u>	<u>\$ 2,795,729</u>