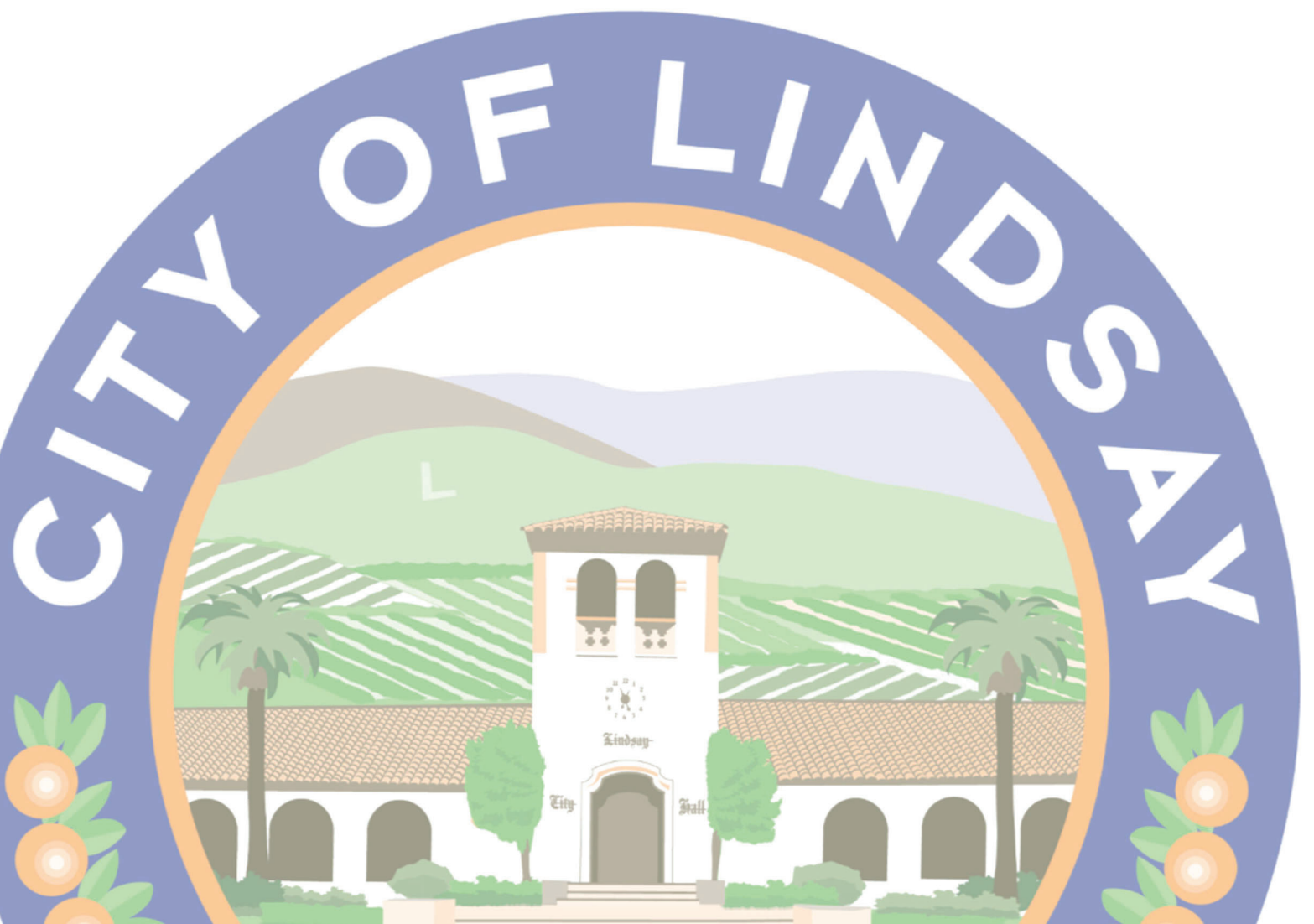


# Basic Financial Statements

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Fiscal Year 2020-2021





**City of Lindsay**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

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**City of Lindsay**  
**Basic Financial Statements**  
**For the year ended June 30, 2021**

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April 25, 2022

Honorable Mayor Caudillo and City Council Members  
City of Lindsay, California

The annual comprehensive financial report of the City of Lindsay (the City) for the year ended June 30, 2021, is hereby submitted in accordance with Section 3.15 of the City Charter and California state law. The ordinance requires the City issue a report on its financial position and activity annually. An independent firm of certified public accountants must audit this report annually. Pursuant to these requirements, we hereby issue this annual financial report of the City for the fiscal year ended June 30, 2021.

This report consists of management's representations concerning the finances of the City. To provide a reasonable basis for making these representations, management of the City employs a comprehensive internal control framework to protect the City's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls provides reasonable, rather than absolute, assurance the financial statements are free from material misstatement. We assert, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Badawi & Associates, a licensed certified public accountant firm. The goal of the independent audit is to provide reasonable assurance the financial statements of the City for the fiscal year ended June 30, 2021, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor found the City's financial statements for fiscal year ended June 30, 2021 to 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. The independent auditor's report is presented as the first component of the financial section of this report.

The City of Lindsay did not have any major federal projects or programs that met the \$750,000 threshold to require a separate Single Audit report per the Federal Single Audit Act of 1984 and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance); therefore, the City is exempt from that reporting requirement for the fiscal year ended June 30, 2021. Audit findings previously denoted in that report will be included as a supplementary section, entitled Summary Schedule of Findings and Responses, that can be found at the end of this report.

Management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### *Profile of the Government*

The City of Lindsay incorporated in 1910, as a general law city of the State of California, and reclassified to a Charter City January 8, 1996, filed with the State of California in April 1996. Lindsay is in the middle of the state in the Central San Joaquin Valley. The Central Valley is a national and world leader in the agricultural industry, with dairy, citrus and deciduous crops the primary commodity around the Lindsay area. The City of Lindsay currently occupies an incorporated area of 2.41 square miles with an urban development boundary of 3.9 square miles and serves a population of 13,463 (2019) an increase of 13.1% since 2010.

The City of Lindsay operates under the council-manager form of government. Policymaking and legislative authority are vested in a governing council consisting of the mayor and four other members. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with two council members elected in one election and three elected in another election, separated by two years.

The mayor is selected from among the council members, by the council members, and serves a two-year term. All five council members of the governing board are elected at large. The council is responsible, among other things, for passing ordinances, adopting the budget, representing the City on other governmental committees, and hiring the City's manager and attorney. The city manager is responsible for carrying out policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments.

The City of Lindsay provides a full range of services, including general administration, human resources, treasury, finance, and accounting; risk management; police and fire protection, animal control, and code enforcement; the construction, maintenance, and cleaning of streets and other infrastructure; planning, zoning, building inspection, and development services; and community services including city parks, a skate park, and adult and youth recreational activities. The Wellness & Aquatic Center, water, sewer, and wastewater treatment and collection, and solid waste disposal services are provided through enterprise funds; disposal and recycling services are contracted with Mid Valley Disposal. Transit services are contracted with the Tulare County Transit Authority, the City maintains the bus stop shelters. It also administers and/or oversees grant programs and Curb & Gutter.

### *Acknowledgements*

The preparation of this document could not have been accomplished without the dedicated services of the entire staff of the Finance Department and staff members in the City Services department. I also express appreciation to the Mayor and City Council for their support in planning and conducting the financial operations of the City in a responsible, thoughtful manner. A special thank you to Badawi & Associates for their professional, exceptional work.

Respectfully,

Juana Espinoza, Director of Finance



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council  
of the City of Lindsay  
Lindsay, 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 Lindsay, California (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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Honorable Mayor and Members of the City Council  
of the City of Lindsay  
Lindsay, California  
Page 2

### ***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, 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.

### ***Emphasis of Matter***

#### *Regarding Going Concern*

The accompanying financial statements have been prepared assuming that the City will continue as a going concern. As discussed in Note 15 to the financial statements, the City has a significant deficit fund balance in its General Fund due to significant amounts owed to other funds including the City's enterprise funds. The a significant portion of the City's enterprise funds' unrestricted net position consists of these receivables, and hence if not repaid would either create deficits or significantly reduce unrestricted net position of each funds. These condition raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are described in Note 15. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information, other postemployment benefit information, and budgetary comparison information on pages 5-17 and 90-95 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 introductory section, General Fund combining schedules, and combining and individual nonmajor fund financial statements on pages 100-107, are presented for purposes of additional analysis and are not a required part of the basic financial statements.



To the Honorable Mayor and Members of the City Council  
of the City of Lindsay  
Lindsay, California  
Page 3

The General Fund combining schedules and combining and individual nonmajor fund financial statements on pages 100-107 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 General Fund combining schedules and combining and individual nonmajor fund financial statements on pages 100-107 are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Badawi and Associates, CPAs  
Berkeley, California  
June 27, 2022

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# City of Lindsay

## Management's Discussion and Analysis

### For the year ended June 30, 2021

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As management of the City of Lindsay (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. We encourage readers to consider the information in the Transmittal Letter and Management's Discussion & Analysis as they review the financial statements. The narratives give valuable context and insightful analysis. All amounts, unless otherwise indicated, are expressed in thousands of dollars (\$000's). Unless noted otherwise, fiscal year refers to the fiscal year ended June 30, 2021.

#### BACKGROUND

The context of Lindsay's current financial condition began in the mid-2000's when the City enjoyed a seemingly endless flow of grant awards. The grants were for housing, community development, economic development, and freeze relief. Management worked to execute their grand, innovative plans to enrich and expand the quality of life in the community while the economy was favorable, and the City had ample available grant money.

The City provided hundreds of grant-funded home loans at the peak of the housing boom, built low-to-moderate housing subdivisions, created the McDermont Field House (an 185,000 square foot athletic and entertainment center) out of an old packing plant, built the Wellness & Aquatic Center, and renovated its downtown.

Unfortunately, the growth did not last. The housing bubble burst, the State took away redevelopment funding, and grant money stopped dwindled. The City could not maintain what it had built, let alone sustain ongoing growth. Within a few short years, Lindsay came to an economic standstill without the money it needed to complete or maintain what it had started. Compounding the situation were turnover in administration, reduction in staffing, combining of departments, shrinking revenues, escalating costs, and a series of audits by funding agencies. The City was not able to maintain its general operations or operations at McDermont or the Wellness & Aquatic Center.

In February 2017, City Council declared a fiscal emergency, placed a successful 1% transactions and use tax measure on the June 2017 special election ballot, and initiated a recovery plan. The City has been taking proactive and meaningful steps to turn the City around. One step was to outsource the management and operations of McDermont Field House which dramatically reduced staffing levels on January 1, 2018. Another was to adopt ordinances allowing the retail selling and wholesale cultivation of cannabis. These new revenue initiatives and cost cutting measures put the city on a sustainable recovery path, which unfortunately is being dampened by the fallout of the coronavirus pandemic.

# City of Lindsay

## Management's Discussion and Analysis

### For the year ended June 30, 2021

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The City still faces significant challenges including escalating CalPERS pension costs, lack of reserves in the City's general fund (for contingencies), and the utility funds for future capital improvement needs. These factors led the California State Auditor's Office to classify the City of Lindsay in its top 10 list of cities at high financial risk. The City has since negotiated favorable agreements to repay misapplied grant and subvention funds, and implemented and enhanced its internal controls.

#### FINANCIAL STATEMENT FUNCTIONALITY

This discussion and analyses are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include:

- |   |                        |
|---|------------------------|
| 1. Government-wide financial statements | <i>high-level view</i> |
| 2. Fund financial statements            | <i>summary view</i>    |
| 3. Notes to the financial statements    | <i>detailed view</i>   |

This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements provide the broadest view of the City's financial condition.

The **statement of net position** presents information for the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position at a specific point in time. The reader can think of the statement of net position as a snapshot of the City on the last day of the fiscal year. 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 fiscal year. The reader may think of the statement of activities as the report that shows what happened between last year's statement of net position (a snapshot in time) and this year's statement of net position (another snapshot in time). The statement of activities shows changes in net position based on when events (a revenue or an expenditure) happened rather than reporting based solely on when the related cash transaction finishes. Sometimes the related cash transaction happens and is recorded at the same time as the revenue or expenditure, yet other times it happens afterward. Consequently, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned-but-unused vacation leave).

# City of Lindsay

## Management's Discussion and Analysis

### For the year ended June 30, 2021

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The government-wide financial statements distinguish functions principally supported by taxes and intergovernmental revenues (governmental activities) from other functions supported in full or in part by cost recoveries known as user fees and charges (business-type activities). The governmental activities of the City include general administration, public safety, parks and recreation, public works, streets, transportation, and community development. The business-type activities of the City include water, sewer, and refuse services, as well as the Lindsay Wellness & Aquatic Center. The Wellness & Aquatic Center provides fee-based entertainment, facility rental, and recreational events and activities for the community and other Central Valley residents.

The government-wide financial statements have changed substantially from previous years due to the dissolution of the Lindsay Redevelopment Agency (LRA); all financial information relevant to the former LRA is now accounted for, as an integral part of these financial statements, in the Private-Purpose Trust Fund, a fiduciary fund established to manage the assets and debt of the former agency. The Water, Sewer, Refuse, Wellness Center function for all practical purposes as departments of the City, and therefore have been included as an integral part of the primary government. The General Fund will absorb the McDermont Fund now that the City does not operate it.

**Fund financial statements.** A fund is a grouping of related accounts used to maintain control over specific resources 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. The City's funds 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 on balances of 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains nine individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Community Development, and Local Transportation Funds, all of which are considered major funds. Data from the other governmental 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 appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

# City of Lindsay

## Management's Discussion and Analysis

### For the year ended June 30, 2021

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**Proprietary funds.** The City maintains one proprietary fund type called Enterprise Funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer, Refuse, and Wellness Center Funds. The City absorbed the McDermont Fund previously reported as a separated enterprise fund into the General Fund because the City has contracted out its operations to a private entity.

**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 essential to a full understanding of the data provided in the government-wide and fund financial statements. Please see the table of contents for page numbers.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found by referring to the index of this report.

#### FINANCIAL HIGHLIGHTS

The total assets and deferred outflows of resources of the City exceeded its total liabilities and deferred inflows of resources at the close of the Fiscal Year (FY) 2021 by \$53.283 million (*net position*). Of this amount, \$ (11.515 million) is unrestricted, \$7.790 is restricted for specific purposes, and \$57.008 million is the net investment in capital assets.

- Compared to FY 2020, the City's total net position increased \$1.631 million, or 3%, during FY 2021.
- During the fiscal year, the city reached a substantive settlement agreements in the amount of \$3.791 million with a grantor agencies (California Housing and Community Development), which affords the city a manageable repayment schedule over time of certain previously demanded lump sum repayment amounts. See Note 6A.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. Net Position provides a snapshot in time at the end of the fiscal year. Monitoring net position over time gives an indication of the general health of the City. In FY 2021, the City's net position increased from \$51.652 million to \$53.283 million, indicating a stronger financial position. It is important to recognize that much of the net position is based on net investment in capital assets, which are not liquid (or easily converted to cash).

Of the City's net position, the net investment in capital assets of \$57.008 million represents its investment in capital assets (e.g., land buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted 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.

**City of Lindsay**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2021**

The net position balance of \$53.282 million is composed of \$7.790 million restricted funds and (\$11.515) million unrestricted funds. Net position may be restricted for capital projects, debt service payments, public right of way and other external commitments.

The schedule below is a condensed version of the City's statement of net position for fiscal year ended June 30, 2021 with comparative data from the previous fiscal year.

City of Lindsay's Net Position  
(amount expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2020		2020		2020	
	2021	(as restated)	2021	(as restated)	2021	(as restated)
<b>ASSETS</b>						
Current and other assets	\$ 5,573	\$ 3,035	\$ 6,575	\$ 6,090	\$ 12,148	\$ 9,125
Capital assets	44,777	46,216	25,794	26,570	70,571	72,786
Total assets	50,350	49,251	32,369	32,660	82,719	81,911
DEFERRED OUTFLOWS OF RESOURCE	1,758	1,967	505	370	2,263	2,337
<b>LIABILITIES</b>						
Current liabilities	844	1,690	773	752	1,617	2,442
Noncurrent liabilities	16,166	16,174	13,427	13,442	29,593	29,616
Total liabilities	17,010	17,864	14,200	14,194	31,210	32,058
DEFERRED INFLOWS OF RESOURCES	375	449	114	89	489	538
<b>NET POSITION</b>						
Net investment in capital assets	42,113	43,060	14,895	15,384	57,008	58,444
Restricted	7,790	16,233	-	-	7,790	16,233
Unrestricted	(15,180)	(26,388)	3,665	3,363	(11,515)	(23,025)
Total net position	\$ 34,723	\$ 32,905	\$ 18,560	\$ 18,747	\$ 53,283	\$ 51,652

**City of Lindsay**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2021**

The next table (City of Lindsay's Change in Net Position) provides a condensed statement of changes in net position with comparative amounts on revenues and expenses for the current and prior year.

City of Lindsay's Change in Net Position  
(amount expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>PROGRAM REVENUES</b>						
Charges for Services	\$ 316	\$ 337	\$ 4,588	\$ 4,541	\$ 4,904	\$ 4,878
Operating grants and contributions	731	867	-	-	731	867
Capital grants and contributions	2,411	2,633	-	-	2,411	2,633
<b>GENERAL REVENUES</b>						
Property taxes	486	363	-	-	486	363
Other taxes	5,740	4,773	-	-	5,740	4,773
Miscellaneous	215	440	289	308	504	748
Transfers	(244)	17,342	244	(17,342)	-	-
Special items	-	(4,551)	-	-	-	(4,551)
<b>TOTAL REVENUES</b>	<b>9,655</b>	<b>22,204</b>	<b>5,121</b>	<b>(12,493)</b>	<b>14,776</b>	<b>9,711</b>
<b>EXPENSES</b>						
General government	2,084	1,367	-	-	2,084	1,367
Public safety	3,328	3,255	-	-	3,328	3,255
Parks and recreation	197	706	-	-	197	706
Public works	679	1,355	-	-	679	1,355
Streets and transportation	619	573	-	-	619	573
Community development	783	246	-	-	783	246
Interest on long-term debt	147	161	-	-	147	161
Water Fund	-	-	1,867	1,908	1,867	1,908
Sewer Fund	-	-	1,394	1,297	1,394	1,297
Refuse Fund	-	-	1,037	1,006	1,037	1,006
Wellness Center Fund	-	-	1,010	875	1,010	875
<b>TOTAL EXPENSE</b>	<b>7,837</b>	<b>7,663</b>	<b>5,308</b>	<b>5,086</b>	<b>13,145</b>	<b>12,749</b>
<b>NET POSITION</b>						
Change in Net Position	1,818	14,541	(187)	(17,579)	1,631	(3,038)
Net Position - beginning	50,036	30,985	14,435	32,014	64,471	62,999
Prior period adjustments	(17,131)	4,510	4,312	-	(12,819)	4,510
Net Position - ending	\$ 34,723	\$ 50,036	\$ 18,560	\$ 14,435	\$ 53,283	\$ 64,471

**Governmental activities.** The City's governmental activities rely on several sources of revenue to finance ongoing operations. The most significant are (1) Other Taxes, which includes sales/transactions & use taxes, and (2) Capital Grants and Contributions, which are monies received from parties outside the City and are generally restricted for use in capital activities such as streets improvements and transportation related activities.



**City of Lindsay**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2021**

The City's governmental activities net position decreased by \$15.313 million to \$34.723 million as of June 30, 2021. The decrease is largely due to an adjustment made for prior period activity, details discussed further in Note 12.

**Business-type activities.** The net position of the city's business-type activities amounted to \$18.560 million as of June 30, 2021, an increase of \$4.125 million from prior fiscal year. The change in net position is primarily due an adjustment made for prior period activity, details discussed further in Note12.

**CITY'S FUNDS FINANCIAL ANALYSIS**

**Governmental funds.** The focus of the City's governmental funds 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.

**General Fund**

The General Operating Fund is the primary operating fund of the city and include several roll-up funds. For the fiscal year ended June 30, 2021, overall on-going general fund revenue came in higher than prior year. The major general fund revenues realized in the fiscal year including property tax, sales tax, utility user tax, and other taxes were higher than previous year. Taxes make up about 85% of total governmental activities revenues. Total tax revenue was \$6.158 million for the fiscal year, an increase of \$214 thousand over last year. Additional tax revenue is anticipated in the next fiscal year mainly from the new cannabis retail outlet in the city.

Total governmental expenditures for the fiscal year amounted to \$5.637 million, a decrease of \$1.435 million or 20% from the prior year. These were savings primarily capital projects delayed due to the ongoing coronavirus pandemic.

The Capital outlay for the fiscal year totaled about \$97 thousand and includes planning and design for future capital projects for streets asphalt rehabilitation and overlay, and rubber cape seal on city streets and arterial ways.

General Fund	FY 2021	FY 2020	\$ Change	% Change
<b>Revenues</b>				
Property taxes	486	363	123	34%
Other taxes	5,672	5,581	91	2%
Licenses and permits	263	254	9	4%
Intergovernmental	369	213	156	73%
Charges for services	6	9	(3)	-33%
Fees and fines	175	190	(15)	-8%
Interest revenue	5	25	(20)	-80%
Other revenues	197	394	(197)	-50%
<b>Total Revenues</b>	<b>7,173</b>	<b>7,029</b>	<b>144</b>	<b>2%</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	1,047	773	274	35%
Public safety	2,978	2,841	137	5%
Parks and recreation	161	167	(6)	-4%
Public works	586	508	78	15%
Streets and transportation	307	190	117	62%
Community development	78	108	(30)	-28%
<b>Debt Service</b>				
Principal	278	309	(31)	-10%
Interest and administrative charge	105	116	(11)	-9%
Capital Outlay	97	2,060	(1,963)	-95%
<b>Total Expenditures</b>	<b>5,637</b>	<b>7,072</b>	<b>(1,435)</b>	<b>-20%</b>
<b>Revenues Over (Under) Expenditure:</b>	<b>1,536</b>	<b>(43)</b>	<b>1,579</b>	<b>-3672%</b>

**City of Lindsay**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2021**

**Proprietary funds.**

The City outsourced the management of McDermont Sports Complex previously reported as an enterprise fund activity of the city. The McDermont Fund assets and liabilities has now been rolled into the General Fund. The General Fund absorbed the responsibility of paying the debt service on the building and providing structural building maintenance as a landlord.

**Water**

The Water fund continues to struggle financially. For the fiscal year ended June 30, 2021, the Water fund ended with an operating loss of \$233 thousand including the depreciation and amortization charge of \$299 thousand. Staff has initiated a review of the water enterprise finances including service fees/rates set up. The results and necessary recommendations to improve the financial outlook of the water enterprise will be presented to the city council in fiscal year 2022.

Water	FY 2021	FY 2020	\$ Change	% Change
<b>Operating Revenues</b>				
Service Fees	1,583	1,701	(118)	-7%
Other revenues	-	(1)	1	-100%
<b>Total Operating Revenues</b>	<b>1,583</b>	<b>1,701</b>	<b>(118)</b>	<b>-7%</b>
<b>Operating Expenses</b>				
<b>Current</b>				
Salaries	298	312	(14)	-4%
Benefits	319	391	(72)	-18%
Materials, services, and supplies	900	850	50	6%
Depreciation and amortization	299	297	2	1%
<b>Total Operating Expenses</b>	<b>1,816</b>	<b>1,850</b>	<b>(34)</b>	<b>-2%</b>
<b>Operating Income (Loss)</b>	<b>(233)</b>	<b>(150)</b>	<b>(84)</b>	<b>56%</b>

**City of Lindsay**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2021**

*Sewer*

The Sewer Fund ended the fiscal year with an operating profit of \$353 thousand. Expenses outpaced revenues for the year, resulting in a slight decrease in operating income compared to the prior year.

Sewer	FY 2021	FY 2020	\$ Change	% Change
<b>Operating Revenues</b>				
Service Fees	1,581	1,533	48	3%
Other revenues	-	-	-	-
<b>Total Operating Revenues</b>	<b>1,581</b>	<b>1,533</b>	<b>48</b>	<b>3%</b>
<b>Operating Expenses</b>				
<b>Current</b>				
Salaries	186	149	37	25%
Benefits	170	126	44	35%
Materials, services, and supplies	466	447	19	4%
Depreciation and amortization	406	404	2	0%
<b>Total Operating Expenses</b>	<b>1,228</b>	<b>1,126</b>	<b>102</b>	<b>9%</b>
<b>Operating Income (Loss)</b>	<b>353</b>	<b>407</b>	<b>(54)</b>	<b>-13%</b>

*Refuse*

The Refuse service fee revenue totaled \$1.124 million, an increase of 9% over last year. Expenses for the year remained relatively stable compared to last year, totaling \$1.037 million, about a 3% increase over last year. These increases were because of the approved inflation adjustment to the rates and contract service costs during the fiscal year.

Refuse	FY 2021	FY 2020	\$ Change	% Change
<b>Operating Revenues</b>				
Service Fees	1,120	1,025	95	9%
Other revenues	4	2	2	100%
<b>Total Operating Revenues</b>	<b>1,124</b>	<b>1,027</b>	<b>97</b>	<b>9%</b>
<b>Operating Expenses</b>				
<b>Current</b>				
Salaries	42	33	9	27%
Benefits	36	53	(17)	-32%
Materials, services, and supplies	959	920	39	4%
Depreciation and amortization	-	-	-	-
<b>Total Operating Expenses</b>	<b>1,037</b>	<b>1,006</b>	<b>31</b>	<b>3%</b>
<b>Operating Income (Loss)</b>	<b>87</b>	<b>21</b>	<b>66</b>	<b>314%</b>

**City of Lindsay**  
**Management’s Discussion and Analysis**  
**For the year ended June 30, 2021**

***Wellness & Aquatic Center***

The Wellness & Aquatic Center generated revenues of \$300 thousand for the fiscal year. Expenses including depreciation and amortization for the year totaled \$929 thousand, an increase of 18% over last year. The resulting operating loss is covered with intergovernmental grants and contributions. The Lindsay Hospital District makes an annual contribution of \$233 and the City transfers funds to cover the Center’s operating loss. In FY 2021, the City and Lindsay Hospital District signed a new funding agreement to ensure ongoing operations at the Center.

Wellness & Aquatic Center	FY 2021	FY 2020	\$ Change	% Change
<b>Operating Revenues</b>				
Service Fees	300	280	20	7%
Other revenues	-	-	-	-
<b>Total Operating Revenues</b>	<b>300</b>	<b>280</b>	<b>20</b>	<b>7%</b>
<b>Operating Expenses</b>				
<b>Current</b>				
Salaries	215	165	50	30%
Benefits	135	157	(22)	-14%
Materials, services, and supplies	385	271	114	42%
Depreciation and amortization	194	197	(3)	-2%
<b>Total Operating Expenses</b>	<b>929</b>	<b>790</b>	<b>139</b>	<b>18%</b>
<b>Operating Income (Loss)</b>	<b>(629)</b>	<b>(510)</b>	<b>(119)</b>	<b>23%</b>

***McDermont Sports Complex Fund***

Related activities are reported in the General Fund.

**CAPITAL ASSETS**

**Capital assets.** The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$70.571 million (net of accumulated depreciation) compared to \$72.786 million in FY 2020. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. Note 5 details capital assets.

**LONG-TERM DEBT & LIABILITIES ADMINISTRATION**

**Long-term debt.** The City’s long-term debt includes capital leases, settlement liabilities, and compensated absences in addition to bonds and certificates of participation. At the end of the current fiscal year, the City had total debt outstanding of \$18.557 million. State statutes limit the amount of general obligation debt a governmental entity may issue to 15% of its total assessed valuation for fiscal year 2020 per Tulare County Assessor. The City Charter Section 9.05A sets a 10% limitation. The current debt for the City complies with State and local statutes.

**City of Lindsay**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2021**

A summary of the City's long term debt for fiscal year ended June 30, 2021 is presented below:

	Balance				Balance	Due Within
	July 1, 2020	Additions	Transfers	Deletions	June 30, 2021	One Year
<b>Governmental Activities</b>						
Bonds:						
2012 Taxable Lease Revenue Refunding Bonds	\$ 1,095,000	\$ -	\$ -	\$ (130,000)	\$ 965,000	\$ 140,000
Bond Issuance Discount	(19,142)	-	-	3,481	(15,661)	3,481
Total Bonds	1,075,858	-	-	(126,519)	949,339	143,481
Direct Borrowings and Direct Placements:						
Certificates of Participation (COP)						
2008 USDA RD Roads COP	885,454	-	-	(82,668)	802,786	86,182
2010 USDA RD Library COP	392,956	-	-	(20,714)	372,242	21,543
Finance Purchase Agreement - fire truck	604,375	-	-	(64,732)	539,643	67,560
Total Direct Borrowings and Direct Placements:	1,882,785	-	-	(168,114)	1,714,671	175,285
TCTA settlement liability	681,488	-	-	(52,422)	629,066	52,422
Caltrans settlement liability	299,171	-	-	(49,861)	249,310	-
HCD settlement liability	3,790,786	-	-	(10,000)	3,780,786	89,360
Compensated Absences	216,053	222,918	-	(173,196)	265,775	88,592
Total Governmental Activities	\$ 7,946,141	\$ 222,918	\$ -	\$ (580,112)	\$ 7,588,947	\$ 549,140
	Balance				Balance	Due Within
	July 1, 2020	Additions	Transfers	Deletions	June 30, 2021	One Year
<b>Business-Type Activities</b>						
Bonds:						
2012 Taxable Lease Revenue Refunding Bonds	\$ -	\$ -	\$ -	-	\$ -	\$ -
Bond Issuance Discount	-	-	-	-	-	-
Total Bonds	-	-	-	-	-	-
Direct Borrowings and Direct Placements:						
Certificates of Participation (COP)						
2007 USDA RD Wellness Center COP	\$ 1,937,787	\$ -	\$ -	\$ (49,033)	\$ 1,888,754	\$ 51,117
Revenue Bonds						
1993 CSCDA Refunding Bonds	-	-	-	-	-	-
1999 USDA RD Waste Water Expansion	4,701,174	-	-	(170,682)	4,530,492	176,229
2000 USDA RD Water Line Project	1,609,963	-	-	(57,590)	1,552,373	59,462
2004 USDA RD Waste Water Project	366,113	-	-	(9,606)	356,507	10,026
Total Direct Borrowings and Direct Placements:	8,615,037	-	-	(286,911)	8,328,126	296,834
Lindsay Olive Growers Pond Closure	2,570,981	-	-	-	2,570,981	-
Compensated Absences	52,719	74,305	-	(57,731)	69,293	23,097
Total Business-Type Activities	\$ 11,238,737	\$ 74,305	\$ -	\$ (344,642)	\$ 10,968,400	\$ 319,931

**City of Lindsay**  
**Management’s Discussion and Analysis**  
**For the year ended June 30, 2021**

**Lindsay Olive Growers Pond Closure.** The City is continuing to explore opportunities with other governments and entities for assistance in handling this pond closure costs.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The City General Fund experienced some noteworthy variances from budget to actual in FY 2021, as identified below: See also Page 91 – Budgetary Comparison Schedule.

1. Overall, the general fund budget to actual results at year end shows a revenue over expenditure balance of \$1.712 million. Revenues came in higher than budget by about \$1.935 million while expenditures totaled \$5.461 million and about \$265 thousand over budget. See Page 91 Budgetary Comparison schedule.
2. Sales tax, utility tax, other taxes, fees/fines, and licenses/permits all came in higher than budgeted. Property tax increased by about \$123 thousand for the fiscal year.
3. On the expenditure side, the unfavorable variance of \$265 thousand realized was largely due to the increased insurance costs, professional services, and pension costs.

The schedule below provides reconciliation of the City’s General Fund reported on the financial statements:

	General Fund	Public Safety Asset Forfeiture	COVID-19	Capital Projects	Total General Fund
Total revenues	\$ 7,172,858	\$ 86	\$ -	\$ -	\$ 7,172,944
Total expenditures	5,460,683	-	127,444	49,136	5,637,263
Excess (deficiency) of revenues over (under) expenditures	1,712,175	86	(127,444)	(49,136)	1,535,681
Total other financing sources (uses)	(141,240)	-	-	-	(141,240)
Net change in fund balance	1,570,935	86	(127,444)	(49,136)	1,394,441
Beginning of year, restated	(3,815,873)	30,325	(75,834)	-	(3,861,382)
End of year	\$ (2,244,938)	\$ 30,411	\$ (203,278)	\$ (49,136)	\$ (2,466,941)

# City of Lindsay

## Management's Discussion and Analysis

### For the year ended June 30, 2021

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#### ECONOMIC FACTORS & NEXT YEAR'S BUDGET

**Economic Factors.** The economic impact of the Covid pandemic has been a major concern over the past year. Economic projections indicate a depressed outlook over the short term followed by a robust recovery hinged on mass vaccinations that will enable return to normal economic activities. The impact on City of Lindsay has been mild as reflected in the relatively stable revenue receipts during the fiscal year. The city is still focused on meeting current demands, reversing negative fund balances, meeting debt service demands, and rebuilding infrastructure while managing budget constraints.

- Property tax, sales tax and Measure O tax are expected to remain stable. The new cannabis retail tax revenue continues to grow.
- The City will continue to pursue cost containment measures as appropriate, but will be looking to add critical positions and items that will enable the city sustain services to the community, and ensure compliance to standard operational practices and procedures.
- The city will continue to pursue business retention initiatives, and new economic development opportunities (new developments and businesses) that will create employment and generate property tax and sales tax revenues for the City.

#### Next Year's Budget.

- Revenues are performing better than budgeted for the City's general fund. The City fully expects to end the fiscal year 2022 budget year with a favorable general fund balance.
- The Water enterprise fund presents a challenge as revenues barely cover operating expenses leaving no provisions for unplanned maintenance and other necessary capital work to keep the system running safely and efficient. Staff is currently evaluating available options including rates adjustment for City Council review and consideration.
- The development of the FY 2023 budget is in process. The City looks to adopt a balanced budget that provides the requisite resources necessary to maintain service to the Lindsay community.

#### INFORMATION REQUESTS

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Finance, P.O. Box 369, City of Lindsay, CA 93247 (559) 562-7102.

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# **BASIC FINANCIAL STATEMENTS**

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**City of Lindsay**  
**Statement of Net Position**  
**June 30, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 8,552,597	\$ 1,425,517	\$ 9,978,114
Accounts receivable, net	494,434	539,733	1,034,167
Internal balances	(4,609,412)	4,609,412	-
Due from other governments	1,062,441	-	1,062,441
Notes receivable	72,724	-	72,724
<b>Total current assets</b>	<b>5,572,784</b>	<b>6,574,662</b>	<b>12,147,446</b>
Non-current assets:			
Capital assets			
Nondepreciable	2,934,112	492,044	3,426,156
Depreciable, net	41,842,539	25,302,221	67,144,760
<b>Net capital assets</b>	<b>44,776,651</b>	<b>25,794,265</b>	<b>70,570,916</b>
<b>Total non-current assets</b>	<b>44,776,651</b>	<b>25,794,265</b>	<b>70,570,916</b>
<b>Total assets</b>	<b>50,349,435</b>	<b>32,368,927</b>	<b>82,718,362</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows from pensions	1,476,590	449,413	1,926,003
Deferred outflows from OPEB	281,206	55,854	337,060
<b>Total deferred outflows of resources</b>	<b>1,757,796</b>	<b>505,267</b>	<b>2,263,063</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	20,054	219,158	239,212
Accrued wages	228,711	68,301	297,012
Accrued interest	44,795	154,348	199,143
Refundable deposits	1,350	11,184	12,534
Long-term debt - current portion	549,140	319,931	869,071
<b>Total current liabilities</b>	<b>844,050</b>	<b>772,922</b>	<b>1,616,972</b>
Non-current liabilities:			
Long-term debt	7,039,807	10,648,469	17,688,276
Total OPEB liability	1,656,347	504,743	2,161,090
Net pension liability	7,469,660	2,273,460	9,743,120
<b>Total non-current liabilities</b>	<b>16,165,814</b>	<b>13,426,672</b>	<b>29,592,486</b>
<b>Total liabilities</b>	<b>17,009,864</b>	<b>14,199,594</b>	<b>31,209,458</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows from pensions	338,985	103,175	442,160
Deferred inflows from OPEB	36,385	11,109	47,494
<b>Total deferred inflows of resources</b>	<b>375,370</b>	<b>114,284</b>	<b>489,654</b>
<b>NET POSITION</b>			
Net investment in capital assets	42,112,641	14,895,158	57,007,799
Restricted	7,789,610	-	7,789,610
Unrestricted	(15,180,254)	3,665,158	(11,515,096)
<b>Total net position</b>	<b>\$ 34,721,997</b>	<b>\$ 18,560,316</b>	<b>\$ 53,282,313</b>

See accompanying Notes to Basic Financial Statements

**City of Lindsay**  
**Statement of Activities**  
**For the year ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<b>Governmental activities:</b>					
General Government	\$ 2,083,621	\$ 7,000	\$ 331,616	\$ 33,037	\$ 371,653
Public Safety	3,328,374	118,136	399,458	-	517,594
Parks and recreation	197,070	9,868	-	32,297	42,165
Public works	679,282	-	-	-	-
Streets and transportation	619,672	-	-	2,345,407	2,345,407
Community development	783,429	181,101	-	-	181,101
Interest on long-term debt	146,687	-	-	-	-
Total governmental activities	7,838,135	316,105	731,074	2,410,741	3,457,920
<b>Business-type activities:</b>					
Water Fund	1,867,146	1,582,733	-	-	1,582,733
Sewer Fund	1,393,540	1,581,153	-	-	1,581,153
Refuse Fund	1,037,109	1,123,975	-	-	1,123,975
Wellness Center Fund	1,009,990	299,963	-	-	299,963
Total business-type activities	5,307,785	4,587,824	-	-	4,587,824
<b>Total primary government</b>	<b>\$ 13,145,920</b>	<b>\$ 4,903,929</b>	<b>\$ 731,074</b>	<b>\$ 2,410,741</b>	<b>\$ 8,045,744</b>

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>			
<b>Governmental activities:</b>			
General Government	\$ (1,711,968)	\$ -	\$ (1,711,968)
Public Safety	(2,810,780)	-	(2,810,780)
Parks and recreation	(154,905)	-	(154,905)
Public works	(679,282)	-	(679,282)
Streets and transportation	1,725,735	-	1,725,735
Community development	(602,328)	-	(602,328)
Interest on long-term debt	(146,687)	-	(146,687)
Total governmental activities	(4,380,215)	-	(4,380,215)
<b>Business-type activities:</b>			
Water Fund	-	(284,413)	(284,413)
Sewer Fund	-	187,613	187,613
Refuse Fund	-	86,866	86,866
Wellness Center Fund	-	(710,027)	(710,027)
Total business-type activities	-	(719,961)	(719,961)
<b>Total primary government</b>	<b>\$ (4,380,215)</b>	<b>\$ (719,961)</b>	<b>\$ (5,100,176)</b>
<b>General Revenues and transfers:</b>			
Taxes:			
Property taxes	486,443	-	486,443
Sales taxes	1,288,539	-	1,288,539
Measure O taxes	1,540,556	-	1,540,556
Utilities users' tax	958,392	-	958,392
Other taxes	1,952,309	-	1,952,309
Other income	195,283	285,850	481,133
Unrestricted investments earnings	20,108	2,787	22,895
Transfers	(244,457)	244,457	-
<b>Total general revenues and transfers</b>	<b>6,197,173</b>	<b>533,094</b>	<b>6,730,267</b>
<b>Change in net position</b>	<b>1,816,958</b>	<b>(186,867)</b>	<b>1,630,091</b>
<b>Net position - beginning of year, as restated</b>	<b>32,905,039</b>	<b>18,747,183</b>	<b>51,652,222</b>
<b>Net position - end of year</b>	<b>\$ 34,721,997</b>	<b>\$ 18,560,316</b>	<b>\$ 53,282,313</b>

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# FUND FINANCIAL STATEMENTS

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*Governmental Fund Financial Statements*

*Proprietary Fund Financial Statements*

*Fiduciary Fund Financial Statements*

**City of Lindsay**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	Major Funds				
	General Fund	Street Improvement Fund	Local Transportation Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,108,885	\$ 1,348,063	\$ 2,806,424	\$ 1,289,225	\$ 8,552,597
Accounts receivable, net	252,026	146,231	-	96,177	494,434
Due from other funds	73,045	-	-	-	73,045
Due from other governments	665,939	-	194,213	202,289	1,062,441
Notes receivable	-	-	-	72,724	72,724
Advances to other funds	-	1,557,120	-	125,000	1,682,120
<b>Total assets</b>	<b>\$ 4,099,895</b>	<b>\$ 3,051,414</b>	<b>\$ 3,000,637</b>	<b>\$ 1,785,415</b>	<b>\$ 11,937,361</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts and other payables	\$ 20,054	\$ -	\$ -	\$ -	\$ 20,054
Accrued wages	213,127	-	2,632	12,952	228,711
Due to other funds	-	-	-	32,272	32,272
Advances from other funds	6,332,305	-	-	-	6,332,305
Refundable deposits	1,350	-	-	-	1,350
<b>Total liabilities</b>	<b>6,566,836</b>	<b>-</b>	<b>2,632</b>	<b>45,224</b>	<b>6,614,692</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	-	-	-	32,297	32,297
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,297</b>	<b>32,297</b>
<b>Fund Balances:</b>					
Restricted	-	3,051,414	2,998,005	1,740,191	7,789,610
Unassigned	(2,466,941)	-	-	(32,297)	(2,499,238)
<b>Total fund balances</b>	<b>(2,466,941)</b>	<b>3,051,414</b>	<b>2,998,005</b>	<b>1,707,894</b>	<b>5,290,372</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 4,099,895</b>	<b>\$ 3,051,414</b>	<b>\$ 3,000,637</b>	<b>\$ 1,785,415</b>	<b>\$ 11,937,361</b>

**City of Lindsay**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2021**

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**Total Fund Balances - Total Governmental Funds** \$ 5,290,372

Amounts reported for governmental activities in the Statement of Net Position were different from those reported in the Governmental Funds above because of the following:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:

Non-depreciable	2,934,112
Depreciable, net	41,842,539

Unavailable revenue recorded in the fund financial statements resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements.	32,297
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Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet.	(44,795)
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In the Government-Wide Financial Statement certain differences between actuarial estimates and actual results for pension and OPEB are deferred and amortized over a period of time, however, in the governmental funds no transactions are recorded.	1,382,426
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Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet:

Net pension liability	(7,469,660)
Net OPEB liability	(1,656,347)
Long term liabilities - due within one year	(549,140)
Long term liabilities - due in more than one year	(7,039,807)

<b>Net Position of Governmental Activities</b>	<b>\$ 34,721,997</b>
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**City of Lindsay**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2021**

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Street Improvement Fund	Local Transportation Fund		
<b>REVENUES:</b>					
Property taxes	\$ 486,443	\$ -	\$ -	\$ -	\$ 486,443
Sales taxes	1,288,539	-	-	-	1,288,539
Measure O taxes	1,540,556	-	-	-	1,540,556
Utilities users' taxes	958,392	-	-	-	958,392
Other taxes	1,883,228	-	-	64,256	1,947,484
Street improvement program	-	919,068	-	-	919,068
Licenses and permits	263,093	-	-	2,600	265,693
Intergovernmental	368,984	-	915,826	682,657	1,967,467
Charges for services	6,470	-	-	95,011	101,481
Fees and fines	174,632	-	-	205	174,837
Interest revenue	5,418	2,442	5,562	6,682	20,104
Other revenues	197,189	-	-	-	197,189
<b>Total revenues</b>	<b>7,172,944</b>	<b>921,510</b>	<b>921,388</b>	<b>851,411</b>	<b>9,867,253</b>
<b>EXPENDITURES:</b>					
Current:					
General government	1,046,541	-	-	47,025	1,093,566
Public safety	2,978,735	-	-	-	2,978,735
Parks and recreation	161,411	-	-	51	161,462
Public works	586,053	-	-	-	586,053
Streets and transportation	306,680	-	36,850	276,142	619,672
Community development	78,197	-	-	32,297	110,494
Debt service:					
Principal	277,868	49,861	82,668	-	410,397
Interest and administrative charges	105,221	-	37,985	-	143,206
Capital outlay	96,557	-	-	8,207	104,764
<b>Total expenditures</b>	<b>5,637,263</b>	<b>49,861</b>	<b>157,503</b>	<b>363,722</b>	<b>6,208,349</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,535,681</b>	<b>871,649</b>	<b>763,885</b>	<b>487,689</b>	<b>3,658,904</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	103,217	-	-	-	103,217
Transfers out	(244,457)	(103,217)	-	-	(347,674)
<b>Total other financing sources (uses)</b>	<b>(141,240)</b>	<b>(103,217)</b>	<b>-</b>	<b>-</b>	<b>(244,457)</b>
<b>Net change in fund balances</b>	<b>1,394,441</b>	<b>768,432</b>	<b>763,885</b>	<b>487,689</b>	<b>3,414,447</b>
<b>FUND BALANCES (DEFICITS):</b>					
Beginning of year, as restated	(3,861,382)	2,282,982	2,234,120	1,220,205	1,875,925
End of year	\$ (2,466,941)	\$ 3,051,414	\$ 2,998,005	\$ 1,707,894	\$ 5,290,372

See accompanying Notes to Basic Financial Statements

# City of Lindsay

## Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities For the year ended June 30, 2021

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Net Change in Fund Balances - Total Governmental Funds	\$ 3,414,447
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Amounts reported for governmental activities in the Statement of Activities were different because:

Governmental funds reported asset acquisitions as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	39,187
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds.	(1,478,794)
Accrued compensated leave payable was an expenditure in governmental funds, but the accrued payable increased compensated leave liabilities in the Government-Wide Statement of Net Position.	(49,722)
Current year employer OPEB contributions are recorded as expenditures in the governmental funds, however, these amounts are reflected in the net OPEB liability in the Government-Wide Statement of Net Position. OPEB expense is recorded as incurred in the Government-Wide Statement of Activities, however, OPEB expense is not recognized in the governmental funds. This is the net amount of the OPEB contribution and OPEB expense	(120,167)
Amortization of original issue discount	(3,481)
Long-term debt repayments	410,397
Revenues that are not considered to be available are reported as unavailable revenues in the governmental funds, however, these amounts are recognized in the Government-Wide Statement of Activities. This amount represents the change in unavailable revenues.	32,297
Current year employer pension contributions are recorded as expenditures in the governmental funds, however, these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position. Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however, pension expense is not recognized in the governmental funds. This is the net amount of the pension contribution and pension expense	(427,206)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 1,816,958</b>

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**City of Lindsay**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	Enterprise Funds		
	Water Fund	Sewer Fund	Refuse Fund
<b>ASSETS</b>			
Current assets:			
Cash and equivalents	\$ 32,560	\$ 1,092,877	\$ 246,690
Accounts receivable, net	69,855	265,711	180,960
<b>Total current assets</b>	<b>102,415</b>	<b>1,358,588</b>	<b>427,650</b>
Non-current assets:			
Advances to other funds	1,906,797	2,341,466	401,922
Capital assets:			
Construction in progress	12,198	-	-
Land	68,377	230,143	-
Buildings and improvements	5,104,546	6,800,531	-
Infrastructure	10,321,559	12,896,903	-
Equipment	109,967	281,592	-
Less accumulated depreciation	(7,007,643)	(10,779,758)	-
<b>Total non-current assets</b>	<b>10,515,801</b>	<b>11,770,877</b>	<b>401,922</b>
<b>Total assets</b>	<b>10,618,216</b>	<b>13,129,465</b>	<b>829,572</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows from pensions	212,630	120,356	26,155
Deferred outflows from OPEB	8,697	25,909	9,201
<b>Total deferred outflows</b>	<b>221,327</b>	<b>146,265</b>	<b>35,356</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and other payables	-	-	219,158
Accrued wages	26,336	14,454	3,918
Accrued interest	29,407	85,891	-
Due to other funds	40,773	-	-
Refundable deposits	11,184	-	-
Compensated absences payable - current portion	9,103	6,079	2,137
Bonds and other long-term debt - current portion	59,462	186,255	-
<b>Total current liabilities</b>	<b>176,265</b>	<b>292,679</b>	<b>225,213</b>
Non-current liabilities:			
Total OPEB liability	237,470	142,880	39,444
Net pension liability	1,075,641	608,847	132,312
Compensated absences payable	18,207	12,158	4,274
Bonds and other long-term debt	1,492,911	7,271,725	-
<b>Total non-current liabilities</b>	<b>2,824,229</b>	<b>8,035,610</b>	<b>176,030</b>
<b>Total liabilities</b>	<b>3,000,494</b>	<b>8,328,289</b>	<b>401,243</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows from pensions	48,815	27,631	6,005
Deferred inflows from OPEB	4,478	3,645	1,294
<b>Total deferred inflows of resources</b>	<b>53,293</b>	<b>31,276</b>	<b>7,299</b>
<b>NET POSITION</b>			
Net investment in capital assets	7,056,631	1,971,431	-
Unrestricted	729,125	2,944,734	456,386
<b>Total net position</b>	<b>\$ 7,785,756</b>	<b>\$ 4,916,165</b>	<b>\$ 456,386</b>

See accompanying Notes to Basic Financial Statements

Wellness Center Fund	Total Proprietary Funds
\$ 53,390	\$ 1,425,517
23,207	539,733
<u>76,597</u>	<u>1,965,250</u>
-	4,650,185
-	12,198
181,326	479,846
8,631,783	20,536,860
824,260	24,042,722
48,571	440,130
<u>(1,930,090)</u>	<u>(19,717,491)</u>
<u>7,755,850</u>	<u>30,444,450</u>
<u>7,832,447</u>	<u>32,409,700</u>
90,272	449,413
<u>12,047</u>	<u>55,854</u>
<u>102,319</u>	<u>505,267</u>
-	219,158
23,593	68,301
39,050	154,348
-	40,773
-	11,184
5,778	23,097
<u>51,117</u>	<u>296,834</u>
<u>119,538</u>	<u>813,695</u>
84,949	504,743
456,660	2,273,460
11,557	46,196
<u>1,837,637</u>	<u>10,602,273</u>
<u>2,390,803</u>	<u>13,426,672</u>
<u>2,510,341</u>	<u>14,240,367</u>
20,724	103,175
<u>1,692</u>	<u>11,109</u>
<u>22,416</u>	<u>114,284</u>
5,867,096	14,895,158
<u>(465,087)</u>	<u>3,665,158</u>
<u>\$ 5,402,009</u>	<u>\$ 18,560,316</u>

**City of Lindsay**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2021**

	Enterprise Funds		
	Water Fund	Sewer Fund	Refuse Fund
<b>OPERATING REVENUES:</b>			
Service fees	\$ 1,582,583	\$ 1,581,153	\$ 1,119,735
Other revenues	150	-	4,240
<b>Total operating revenues</b>	<b>1,582,733</b>	<b>1,581,153</b>	<b>1,123,975</b>
<b>OPERATING EXPENSES:</b>			
Salaries	297,813	185,857	41,825
Benefits	318,813	169,917	36,243
Materials, services, and supplies	900,187	465,994	959,041
Depreciation and amortization	299,141	406,202	-
<b>Total operating expenses</b>	<b>1,815,954</b>	<b>1,227,970</b>	<b>1,037,109</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(233,221)</b>	<b>353,183</b>	<b>86,866</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Intergovernmental	-	-	-
Other income	42	-	778
Interest earnings	(40)	2,126	568
Interest expense	(51,192)	(165,570)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(51,190)</b>	<b>(163,444)</b>	<b>1,346</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
<b>Total transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>(284,411)</b>	<b>189,739</b>	<b>88,212</b>
<b>NET POSITION:</b>			
Beginning of year, as restated	8,070,167	4,726,426	368,174
End of year	\$ 7,785,756	\$ 4,916,165	\$ 456,386

See accompanying Notes to Basic Financial Statements





<u>Wellness Center Fund</u>	<u>Total Proprietary Funds</u>
\$ 299,963	\$ 4,583,434
-	4,390
<u>299,963</u>	<u>4,587,824</u>
215,109	740,604
134,836	659,809
385,420	2,710,642
193,522	898,865
<u>928,887</u>	<u>5,009,920</u>
<u>(628,924)</u>	<u>(422,096)</u>
285,000	285,000
30	850
133	2,787
<u>(81,103)</u>	<u>(297,865)</u>
<u>204,060</u>	<u>(9,228)</u>
<u>244,457</u>	<u>244,457</u>
<u>244,457</u>	<u>244,457</u>
(180,407)	(186,867)
<u>5,582,416</u>	<u>18,747,183</u>
<u>\$ 5,402,009</u>	<u>\$ 18,560,316</u>

**City of Lindsay**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2021**

	Enterprise Funds		
	Water Fund	Sewer Fund	Refuse Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash receipts from customers	\$ 1,743,069	\$ 1,474,786	\$ 1,039,737
Payments to employees	(521,644)	(304,883)	(66,262)
Payments to suppliers	(955,860)	(489,815)	(893,581)
<b>Net cash provided by (used in) operating activities</b>	<b>265,565</b>	<b>680,088</b>	<b>79,894</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating grants	-	-	-
Other cash inflows	2	2,126	1,346
Transfers in	-	-	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>2</b>	<b>2,126</b>	<b>1,346</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchase of capital assets	(123,133)	-	-
Interest paid on long-term debt	(52,284)	(168,805)	-
Principal payments on long-term debt	(57,590)	(180,288)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(233,007)</b>	<b>(349,093)</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>32,560</b>	<b>333,121</b>	<b>81,240</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>-</b>	<b>759,756</b>	<b>165,450</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 32,560</b>	<b>\$ 1,092,877</b>	<b>\$ 246,690</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (233,221)	\$ 353,183	\$ 86,866
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	299,141	406,202	-
Changes in assets, deferred outflows and inflows of resources, and liabilities:			
(Increase) decrease in accounts receivable	157,022	(106,367)	(84,238)
(Increase) decrease in deferred outflows of resources - deferred pension	(46,908)	(10,331)	(1,185)
(Increase) decrease in deferred outflows of resources - deferred OPEB	(804)	(7,434)	(4,236)
Increase (decrease) in accounts and other payables	(55,673)	(23,821)	65,460
Increase (decrease) in accrued wages	6,023	4,673	1,795
Increase (decrease) in refundable deposits	3,314	-	-
Increase (decrease) in compensated absences payable	6,629	3,978	1,326
Increase (decrease) in net OPEB liability	21,428	13,773	4,748
Increase (decrease) in net pension liability	95,193	40,711	9,060
Increase (decrease) in deferred inflows of resources - deferred pension	13,235	4,441	(307)
Increase (decrease) in deferred inflows of resources - deferred OPEB	186	1,080	605
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 265,565</b>	<b>\$ 680,088</b>	<b>\$ 79,894</b>

See accompanying Notes to Basic Financial Statements

Wellness Center Fund	Total Proprietary Funds
\$ 321,376	\$ 4,578,968
(303,424)	(1,196,213)
(389,537)	(2,728,793)
<u>(371,585)</u>	<u>653,962</u>
285,000	285,000
163	3,637
<u>244,457</u>	<u>244,457</u>
<u>529,620</u>	<u>533,094</u>
-	(123,133)
(83,231)	(304,320)
(49,033)	(286,911)
<u>(132,264)</u>	<u>(714,364)</u>
25,771	472,692
<u>27,619</u>	<u>952,825</u>
<u>\$ 53,390</u>	<u>\$ 1,425,517</u>
\$ (628,924)	\$ (422,096)
193,522	898,865
21,413	(12,170)
(63,883)	(122,307)
(704)	(13,178)
(4,117)	(18,151)
10,667	23,158
-	3,314
4,641	16,574
5,682	45,631
80,504	225,468
9,497	26,866
117	1,988
<u>\$ (371,585)</u>	<u>\$ 653,962</u>

**City of Lindsay**  
**Statement of Fiduciary Net Position (Deficit)**  
**Fiduciary Fund**  
**June 30, 2021**

	Private-Purpose Trust Fund	Custodial Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 710,970	\$ 91,523
Notes receivable	834,516	12,236,636
<b>Total assets</b>	<b>1,545,486</b>	<b>12,328,159</b>
<b>LIABILITIES</b>		
Accounts payable	750	(795)
Accrued interest payable	178,273	-
Long-term debt:		
Due within one year	465,000	-
Due in more than one year	10,545,000	-
<b>Total liabilities</b>	<b>11,189,023</b>	<b>(795)</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred gain on refunding of debt	268,258	-
<b>Total deferred inflows of resources</b>	<b>268,258</b>	<b>-</b>
<b>NET POSITION (DEFICIT)</b>		
Restricted for HCD	-	12,328,954
Net position (deficit) held in trust	(9,911,795)	-
<b>Total net position (deficit)</b>	<b>\$ (9,911,795)</b>	<b>\$ 12,328,954</b>

**City of Lindsay**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**For the year ended June 30, 2021**

	Private-Purpose Trust Fund	Custodial Fund
<b>ADDITIONS:</b>		
Redevelopment Agency Property Tax Trust Fund	\$ 1,108,876	\$ -
Loan interest	30,770	17,171
Other income	6,971	-
<b>Total additions</b>	<b>1,146,617</b>	<b>17,171</b>
<b>DEDUCTIONS:</b>		
Administrative expenses	34,756	-
Interest on long-term debt	332,852	-
Program income disbursements to HCD	-	606,492
<b>Total Deductions</b>	<b>367,608</b>	<b>606,492</b>
<b>Change in net position</b>	<b>779,009</b>	<b>(589,321)</b>
<b>NET POSITION (DEFICIT):</b>		
Beginning of year, as restated	(10,690,804)	12,918,275
End of year	<b>\$ (9,911,795)</b>	<b>\$ 12,328,954</b>

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# NOTES TO BASIC FINANCIAL STATEMENTS

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**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. *Financial Reporting Entity***

The City of Lindsay incorporated in 1910, as a general law city of the State of California, and reclassified to a Charter City January 8, 1996, filed with the State of California in April 1996. Lindsay is located in the middle of the state in the Central San Joaquin Valley. The Central Valley is considered to be a national and world leader in the agricultural industry, with dairy, citrus, and deciduous crops the primary commodity around the Lindsay area. The City of Lindsay currently occupies an incorporated area of 2.41 square miles with an urban development boundary of 3.9 square miles and serves a population of 13,493 (2021) – an increase of 14.66% since 2010.

**B. *Basis of Accounting and Measurement Focus***

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity with its own self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses. These funds are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations, restrictions or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**Government-Wide Financial Statements**

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. The government-wide financial statements exclude fiduciary funds, as they are not available for City use.



**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**B. Basis of Accounting and Measurement Focus, Continued**

**Government-Wide Financial Statements, Continued**

These financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred inflows/outflows of resources, and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liabilities are incurred.

Certain types of transactions reported as program revenues for the City are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been 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, internal fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advanced to/from other funds
- Transfers in/out

The City applies all applicable GASB pronouncements including all NCGA Statements and Interpretations currently in effect.

**Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that meet specific qualifications.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus, Continued***

**Governmental Fund Financial Statements, Continued**

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

The City reports the following funds as major governmental funds of the City.

General Fund is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Street Improvement Fund accounts for utility fund charges for street improvement program purposes.

Local Transportation Fund accounts for Transportation Development Act funds for the development and support of public transportation needs.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally those received 60 days after year-end) are recognized when due. The primary revenue sources that have been treated as susceptible to accrual by the City are property taxes, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes, franchise taxes, etc.), grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided.

**Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus, Continued***

**Proprietary Fund Financial Statements, Continued**

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which a liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the Water, Sewer, Refuse, and Wellness Center Funds as major enterprise funds of the City.

Water Fund accounts for the activities of the water distribution system.

Sewer Fund accounts for the activities of the sewage pumping stations, treatment plant, and laboratory.

Refuse Fund accounts for the activities of the refuse collection and recycling.

Wellness Center Fund accounts for the activities of the Wellness Center and Aquatic Center.

**Fiduciary Fund Financial Statements**

Fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City has one private-purpose trust fund and a custodial fund. The private-purpose trust fund accounts for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments (i.e. unclaimed property/escheat property). Custodial funds account for fiduciary activities not required to be accounted for in a trust fund. Fiduciary funds are accounted for using the accrual basis of accounting. The City reports the following fiduciary funds:

Private-Purpose Trust Fund accounts for assets held by the City in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the City under the terms of a formal trust agreement.

Custodial Fund accounts for loans and loan repayments collected by the City on behalf of the State of California Department of Housing and Community Development (HCD). Loan repayments collected are distributed to HCD per the City's settlement agreement with HCD.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**C. Cash, Cash Equivalents, and Investments**

The City pools cash and investments of all funds, except amounts held by fiscal agents. The Council invests on behalf of most funds of the City in accordance with the California State Government Code and the City's investment policy.

Investments are reported in the accompanying balance sheet at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount which reasonably estimates fair value. Managed funds not listed on an established market are reported at the estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

Participant's equity in an investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Amortized premiums and accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants annually. During the fiscal year ended June 30, 2021, the City had not entered into any legally binding guarantees to support the participant equity in the investment pool.

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***C. Cash, Cash Equivalents, and Investments, Continued***

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 3 inputs.

The City participates in an investment pool managed by the State of California entitled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to the change in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as "Cash and Investments" in the accompanying Basic Financial Statements.

For the purposes of the accompanying statement of cash flows, the City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

***D. Inventory and Prepaids***

Governmental funds inventories are valued at average cost using the first-in/first-out (FIFO) method and are recorded as expenditures when consumed rather than when purchased. Business-type funds inventories are stated at cost using the FIFO method and consist of expendable materials and supplies.

Any payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

Inventory in proprietary funds is comprised of supplies for resale and are slated at the lower of cost or market on a FIFO basis.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*E. Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$15,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Property, plant, equipment, and infrastructure of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	50
Public domain infrastructure	50
System infrastructure	30
Vehicle	5
Office equipment	5
Computer equipment	5

*F. Unearned revenue*

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements from federal and state projects and programs received before eligibility requirements are met are recorded as unearned revenue.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**G. *Compensated Absences***

Accumulated vested unpaid employee vacation and compensatory time-off benefits are recognized as liabilities of the City. Governmental funds recognize the current portion of the liabilities at year-end, while the non-current portion of these liabilities is recognized in the general long-term debt account group. Proprietary funds record the full liability as the vested benefits to the employees accrue.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the City since payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenditures in the period that the sick leave is taken.

**H. *Long-Term Debt***

Government-Wide Financial Statements – Long-term debt and other long-term obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable is reported net of the applicable bond premium or discount. Bond issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred.

Fund Financial Statements – The governmental fund financial statements do not present long-term debt. As such, long-term debt is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

Bond premiums and discounts are recognized during the current period as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Bond proceeds are reported as other financing sources.

Proprietary Fund and Fiduciary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements.

**I. *Self-Insurance***

The City is a member of the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The purpose of this group is to minimize liability and workers' compensation expenses for cities in the central San Joaquin Valley. CSJVRMA provides statutory coverage for the City's workers' compensation risks. The City retains liability risks up to \$25,000 and shares risk with the pool to \$10,000,000.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**J. Property Taxes**

Tulare County is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions. Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and March 1. Unsecured property taxes are payable in one installment on or before August 31. Property taxes are accounted for in the General Fund and the Private-Purpose Trust Fund (formally the City's Redevelopment Agency). Property tax revenues are recognized when they become measurable and available to finance current liabilities.

The City is permitted by Article XIII A of the State of California Constitution (Proposition 13) to levy a maximum tax of 1% of assessed value, plus other increases as approved by the voters.

**K. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position (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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position (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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**L. Encumbrances**

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

**M. Net Position**

In the Government-Wide Financial Statements, net position are classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of governments.



**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**M. Net Position, Continued**

Unrestricted - This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position” as defined above.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City’s policy is to apply restricted net position first.

**N. Fund Balance**

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

Nonspendable - Amounts that are not in spendable form (such as inventory) or are required either legally or contractually to be maintained intact.

Restricted - Amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional or enabling legislation.

Committed - Amounts constrained to specific purposes by the City itself, using the City’s highest level of decision-making authority (the City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned - Amounts the City *intends* to use for a specific purpose. Intent can be expressed by the City at either the highest level of decision-making authority or by an official or body to which the City delegates the authority. This is also the classification for residual funds in the City’s special revenue funds.

Unassigned - The residual classification for the City’s General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The City establishes and modifies or rescinds fund balance commitments by passage of an ordinance or policy. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget as a designation or commitment of the fund, such as approved construction contracts. Assigned fund balance is established by the City through adoption or amendment of the budget or future year budget plan as intended for a specific purpose.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**N. Fund Balance, Continued**

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by the unrestricted committed, assigned, and unassigned resources as they are needed.

The City believes that sound financial management principles require that sufficient funds be retained by the City to provide a stable financial base at all times. To retain this stable financial base, the City needs to maintain unrestricted fund balance in its funds sufficient to fund cash flows of the City and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balances are considered unrestricted.

The City strives to achieve and maintain unrestricted fund balance in the General Fund sufficient to cover approximately 6 months of working capital at the close of each fiscal year, which exceeds the recommended level (approximately 60 days working capital) promulgated by the Government Finance Officers Association (GFOA). However, as of June 30, 2021, the City had a deficit fund balance in its General Fund.

**O. Pension**

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

**P. Other Post Employment Health Care Benefits (OPEB)**

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Q. Use of Estimates**

The preparation of the Basic Financial Statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amounts of revenues and expenses. Actual results could differ from these estimates and assumptions.

**R. New Pronouncements**

In 2021, the City adopted the following new accounting standards to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 84, *Fiduciary Activities* - The objective 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. The statement establishes criteria for identifying fiduciary activities of all state and local government. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The City reclassified funds previously reported as governmental funds to custodial funds, as a result of implementation of this statement.
- GASB Statement No. 90, *Majority Equity Interest* - The objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if the government's holding of the equity meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. There was no impact on net position as a result of implementation of this statement.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates* - The objective of this statement is to address the accounting and financial reporting implications that result from the elimination of the London Interbank Offered Rate (LIBOR) that is notably used in most agreements in which variable payments made or received depend on an interbank offered rate (IBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. There was no impact on net position as a result of implementation of this statement.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*R. New Pronouncements, Continued*

- GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 – The objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. There was no impact on net position as a result of implementation of this statement.
- GASB Statement No. 98, The Annual Comprehensive Financial Report – The objective of this statement is to address references in authoritative literature to the term *comprehensive annual financial report*. There was no impact on net position as a result of implementation of this statement.

**2. CASH AND INVESTMENTS**

Cash, cash equivalents, and investments are reported in the accompanying basic financial statements as follows:

	Government-Wide Statement of Net Position		Fund Financials	
	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash, cash equivalents and investments	\$ 8,552,597	\$ 1,425,517	\$ 802,493	\$ 10,780,607
Total	\$ 8,552,597	\$ 1,425,517	\$ 802,493	\$ 10,780,607

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**2. CASH AND INVESTMENTS, Continued**

*A. Summary of Cash and Investments*

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

Cash on hand	\$	700
Deposits with financial institution		6,279,383
<b>Total cash on hand and deposits</b>		<u>6,280,083</u>
Local Agency Investment Fund		4,314,700
Certificates of Deposit		185,824
<b>Total investments</b>		<u>4,500,524</u>
<b>Total City Treasury</b>		<u>10,780,607</u>
<b>Total cash and investments</b>	<b>\$</b>	<b><u>10,780,607</u></b>

*B. Deposits*

The carrying amount of the City's cash deposit was \$6,279,383 at June 30, 2021. Bank balances before reconciling items were a positive amount of \$6,659,228 at June 30, 2021. The City's cash deposit was fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities held by the pledging financial institutions in the City's name.

The California Government Code (Code) Section 53652 requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. The 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 to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**2. CASH AND INVESTMENTS, Continued**

**C. Investments**

Under the provisions of the City’s investment policy, and in accordance with the Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Securities	5 years	None	None
U.S. Agency Securities	5 years	None	None
Certificates of Deposit	5 years	25%	25%
Rated Debt Security of State of California or California Local Agency	5 years	25%	25%
Local Agency Investment Fund (LAIF)	None	10 million	10 million

Investments are stated at fair value using the aggregate method in all funds, resulting in the following investment income in all funds for the year ended June 30, 2021:

Interest income	\$ 26,365
Unrealized gain (loss) on changes in fair value of investments	358
<b>Total investment income (loss)</b>	<b>\$ 26,723</b>

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by Code Section 16429 under the oversight of the Treasurer of the State of California. The City’s investments with LAIF at June 30, 2021, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes – are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities – the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2021, the City had \$4,314,700 invested in LAIF, which had invested 1.77% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 2.31% in the previous year. The LAIF fair value factor of 1.00000297 was used to calculate the fair value of the investments in LAIF.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**2. CASH AND INVESTMENTS, Continued**

*D. Risk Disclosures*

*Interest Risk:* Interest rate risk is the market value fluctuation due to overall changes in the interest rates. It is mitigated by limiting the average maturity of the City's portfolio not to exceed three years.

Investments held in the City Treasury grouped by maturity date at June 30, 2021, are shown below:

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 - 24 Months	More than 24 Months
Local Agency Investment Fund	\$ 4,314,700	\$ 4,314,700	\$ -	\$ -
Certificates of Deposit	185,824	185,824	-	-
<b>Total</b>	<b>\$ 4,500,524</b>	<b>\$ 4,500,524</b>	<b>\$ -</b>	<b>\$ -</b>

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the City's investments were subject to custodial credit risk.

*E. Investment Valuation*

Investments (except for money market accounts, time deposits, and commercial paper) 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 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investment fair value measurements at June 30, 2021, are described below:

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments subject to leveling:				
Certificates of Deposit	\$ 185,824	\$ -	\$ 185,824	\$ -
<b>Total</b>	<b>185,824</b>	<b>\$ -</b>	<b>\$ 185,824</b>	<b>\$ -</b>
Investments not subject to leveling:				
Local Agency Investment Fund	4,314,700			
<b>Total Investments</b>	<b>\$ 4,500,524</b>			

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**3. INTERFUND TRANSACTIONS**

**A. Due To/From Other Funds**

At June 30, 2021, the City's General Fund reported a receivable due from the other funds of \$73,045. The amount represents a short-term borrowing to cover a cash deficits in the Non-Major Governmental Funds of \$32,272 and in the Water Fund of \$40,773.

**B. Transfers**

The City had the following transfers between funds during the year ended June 30, 2021:

<b>Transfers Out</b>	<b>Transfers In</b>		
	General Fund	Wellness Center Fund	Total
General Fund	\$ -	\$ 244,457	\$ 244,457
Street Improvement Fund	103,217	-	103,217
<b>Total</b>	<b>\$ 103,217</b>	<b>\$ 244,457</b>	<b>\$ 347,674</b>

Transfers to the General Fund included transfers for street improvement. Transfers from the General Fund to the Wellness Center Fund were to cover operating deficits.

**C. Advances To/From Other Funds**

As of June 30, 2021, the City had the following advances to/from other funds.

<b>Advances to Other Funds</b>	<b>Advances from other Funds</b>
	General Fund
Street Improvement Fund	\$ 1,557,120
Non-Major Gov't Funds	125,000
Water Enterprise Fund	1,906,797
Sewer Enterprise Fund	2,341,466
Refuse Enterprise Fund	401,922
<b>Total</b>	<b>\$ 6,332,305</b>

On August 26, 2021, the State Auditor issued Report 2020-804 regarding the City of Lindsay which was conducted as part of the high-risk local government agency audit program. The report recommends that by February 2022, the City should address the \$6.3 million transferred to its general fund, re-establish the loans to its restricted funds, and develop and implement a plan to fully repay those funds.



**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**3. INTERFUND TRANSACTIONS, Continued**

**C. Advances To/From Other Funds, Continued**

In response to the State Audit Report and in accordance with the City of Lindsay Corrective Action Plan, City staff have prepared a Formal Repayment Plan for consideration of the Lindsay City Council. This plan will record the advances to and from previously vacated at their originally vacated amounts. While the total amount remains unchanged, the amortization terms and schedules have been modified to allow the City to begin making annual payments based on priority beginning in Fiscal Year 2022-2023.

The City Council adopted Resolution 22-09 to formalize the advances and repayment schedules for funds borrowed prior to 2017.

The advances bear no interest and are expected to be repaid in the following priority: 1) Water Fund 2) Sewer Fund 3) Street Improvement Fund 4) Refuse Fund 5) Wastewater Capital Reserve Fund (included with Sewer Fund in the financial statements) 6) Storm Drain Fund (included with Sewer Fund in the financial statements) 7) Parks Fund and 8) Curb and Gutter Fund.

**4. LOANS AND NOTES RECEIVABLE**

**A. Notes Receivable**

At June 30, 2021, the City's loans and notes receivable consisted of the following:

	Non-Major Governmental Funds				Total
	Community Development Fund	Curb and Gutter Fund	Private-Purpose Trust Fund	Custodial Fund	
Individuals					
7% unsecured notes with annual principal and interest payments	\$ -	\$ 3,769	\$ -	\$ -	\$ 3,769
Non-interest and below market rate secured notes with deferred payments of monthly principal and interest. Collateralized by trust deeds on improved property.	68,955	-	834,516	12,236,636	13,140,107
Total	\$ 68,955	\$ 3,769	\$ 834,516	\$ 12,236,636	\$ 13,143,876

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**4. LOANS AND NOTES RECEIVABLE, Continued**

***B. Loans Assigned to State of California Department of Housing and Community Development***

The City previously used Housing and Community Development Block Grant funds to provide housing rehabilitation loans and HOME Investment Partnerships Program (HOME) grant funds to provide first-time homebuyer assistance loans and housing rehabilitation loans to eligible applicants. Rehabilitation loans are used to improve, rehabilitate, or replace residences. All loans were made to low and moderate income persons or landlords benefiting these same persons. As part of a settlement agreement with the State of California Department of Housing and Community Development (HCD), the outstanding balances of these loans were assigned to HCD, and the City is responsible for collecting and distributing loan repayments to HCD.

The City accounts for these loans in the custodial fund. This fund's primary assets consist of notes receivable from participants, which originated from U.S. Department of Housing and Urban Development (HUD) funds.

***C. Related Party Transactions***

The City has entered into various loan agreements with City employees and relatives of City employees, under its First-Time Homebuyer and Micro-Loan Programs. The various loan types provided included Deferred Payment Loans (DPL), Deferred No Interest Loans (DNIL), No Interest Loans (NIL), and Below Market Interest Rate Loans (BMIR). All of the loan types mentioned are allowed under the programs. However, as discussed in Note 6(A), some of the loans were not compliant with the programs requirements, the loans are now assigned to HCD.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**5. CAPITAL ASSETS**

**A. Government-Wide Financial Statements**

Capital assets activity for the year ended June 30, 2021, was as follows.

	July 1, 2020			June 30, 2021
	Balance	Additions	Reductions	Balance
<b>Governmental activities</b>				
<i>Capital assets, not being depreciated</i>				
Land	\$ 2,934,112	\$ -	\$ -	\$ 2,934,112
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>2,934,112</u>	<u>-</u>	<u>-</u>	<u>2,934,112</u>
<i>Capital assets, being depreciated</i>				
Buildings	26,972,939	-	-	26,972,939
Infrastructure	43,566,752	-	-	43,566,752
Machinery and equipment	5,970,949	39,187	(37,000)	5,973,136
Total capital assets, being depreciated	<u>76,510,640</u>	<u>39,187</u>	<u>(37,000)</u>	<u>76,512,827</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(6,549,639)	(531,210)	-	(7,080,849)
Infrastructure	(21,482,825)	(811,770)	-	(22,294,595)
Machinery and equipment	(5,196,030)	(135,814)	37,000	(5,294,844)
Total accumulated depreciation	<u>(33,228,494)</u>	<u>(1,478,794)</u>	<u>37,000</u>	<u>(34,670,288)</u>
Total capital assets, being depreciated, net	<u>43,282,146</u>	<u>(1,439,607)</u>	<u>-</u>	<u>41,842,539</u>
Governmental activities capital assets, net	<u>\$ 46,216,258</u>	<u>\$ (1,439,607)</u>	<u>\$ -</u>	<u>\$ 44,776,651</u>
<b>Business-type activities</b>				
<i>Capital assets, not being depreciated</i>				
Land	\$ 479,846	\$ -	\$ -	\$ 479,846
Construction in progress	6,982	5,216	-	12,198
Total capital assets, not being depreciated	<u>486,828</u>	<u>5,216</u>	<u>-</u>	<u>492,044</u>
<i>Capital assets, being depreciated</i>				
Buildings	20,536,861	-	-	20,536,861
Infrastructure	23,924,805	117,917	-	24,042,722
Machinery and equipment	440,129	-	-	440,129
Total capital assets, being depreciated	<u>44,901,795</u>	<u>117,917</u>	<u>-</u>	<u>45,019,712</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(7,413,196)	(411,010)	-	(7,824,206)
Infrastructure	(11,152,367)	(458,942)	-	(11,611,309)
Machinery and equipment	(253,063)	(28,913)	-	(281,976)
Total accumulated depreciation	<u>(18,818,626)</u>	<u>(898,865)</u>	<u>-</u>	<u>(19,717,491)</u>
Total capital assets, being depreciated, net	<u>26,083,169</u>	<u>(780,948)</u>	<u>-</u>	<u>25,302,221</u>
Business-type activities capital assets, net	<u>\$ 26,569,997</u>	<u>\$ (775,732)</u>	<u>\$ -</u>	<u>\$ 25,794,265</u>

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**5. CAPITAL ASSETS, Continued**

**A. Government-Wide Financial Statements, Continued**

Depreciation expense by program for capital assets for the year ended June 30, 2021, was as follows:

	Governmental
General government	\$ 645,104
Community development	672,935
Public safety	97,495
Public works	27,652
Parks and recreation	35,608
<b>Total depreciation expense</b>	<b>\$ 1,478,794</b>

	Business-Type
Water Fund	\$ 299,141
Sewer Fund	406,202
Wellness Center Fund	193,522
<b>Total depreciation expense</b>	<b>\$ 898,865</b>

**6. LONG-TERM DEBT**

A schedule of changes in long-term debt for the year ended June 30, 2021, is shown below.

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
<b>Governmental Activities</b>					
Bonds:					
2012 Taxable Lease Revenue Refunding Bonds	\$ 1,095,000	\$ -	\$ (130,000)	\$ 965,000	\$ 140,000
Bond Issuance Discount	(19,142)	-	3,481	(15,661)	3,481
Total Bonds	<u>1,075,858</u>	<u>-</u>	<u>(126,519)</u>	<u>949,339</u>	<u>143,481</u>
Direct Borrowings and Direct Placements:					
Certificates of Participation (COP)					
2008 USDA RD Roads COP	885,454	-	(82,668)	802,786	86,182
2010 USDA RD Library COP	392,956	-	(20,714)	372,242	21,543
Finance Purchase Agreement - fire truck	604,375	-	(64,732)	539,643	67,560
Total Direct Borrowings and Direct Placements:	<u>1,882,785</u>	<u>-</u>	<u>(168,114)</u>	<u>1,714,671</u>	<u>175,285</u>
TCTA settlement liability	681,488	-	(52,422)	629,066	52,422
Caltrans settlement liability	299,171	-	(49,861)	249,310	-
HCD settlement liability	3,790,786	-	(10,000)	3,780,786	89,360
Compensated Absences	216,053	222,918	(173,196)	265,775	88,592
Total Governmental Activities	<u>\$ 7,946,141</u>	<u>\$ 222,918</u>	<u>\$ (580,112)</u>	<u>\$ 7,588,947</u>	<u>\$ 549,140</u>

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**6. LONG-TERM DEBT, Continued**

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
<b>Business - Type Activities</b>					
Direct Borrowings and Direct Placements:					
Certificates of Participation (COP)					
2007 US DA RD Wellness Center COP	\$ 1,937,787	\$ -	\$ (49,033)	\$ 1,888,754	\$ 51,117
Revenue Bonds					
1999 US DA RD Waste Water Expansion	4,701,174	-	(170,682)	4,530,492	176,229
2000 US DA RD Water Line Project	1,609,963	-	(57,590)	1,552,373	59,462
2004 US DA RD Waste Water Project	366,113	-	(9,606)	356,507	10,026
Total Direct Borrowings and Direct Placements:	8,615,037	-	(286,911)	8,328,126	296,834
Lindsay Olive Growers Pond Closure	2,570,981	-	-	2,570,981	-
Compensated Absences	52,719	74,305	(57,731)	69,293	23,097
Total Business-Type Activities	<u>\$ 11,238,737</u>	<u>\$ 74,305</u>	<u>\$ (344,642)</u>	<u>\$ 10,968,400</u>	<u>\$ 319,931</u>

**A. Governmental Activities**

Revenue Bonds Payable

On November 1, 2012, the City entered into a refunding bond with US Bank National Association for refunding of the City's \$1,500,000 Mid Valley Services, Inc., promissory note dated November 19, 2009. The annual principal payments are due annually beginning on January 1, 2014. Interest ranging from 4.0% to 6.4% on the bonds is payable on January 1<sup>st</sup> and July 1<sup>st</sup> of each year, commencing on July 1, 2013. As of June 30, 2021, the balance due was \$965,000. These bonds were reclassified from business-type activities to governmental activities due to the transfer of assets and liabilities held in the McDermont Sports Complex Fund.

The annual service debt service requirements for the 2012 Taxable Lease Revenue Refunding Bonds are as follow:

	Year Ended June 30	Principal	Interest	Total
2022	\$ 140,000	\$ 58,863	\$ 198,863	
2023	145,000	50,813	195,813	
2024	155,000	42,113	197,113	
2025	165,000	32,813	197,813	
2026	175,000	22,500	197,500	
2027	185,000	11,563	196,563	
<b>Total</b>	<u>\$ 965,000</u>	<u>\$ 218,665</u>	<u>\$ 1,183,665</u>	

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**6. LONG-TERM DEBT, Continued**

**A. Governmental Activities, Continued**

Certificates of Participation (COP)

On October 1, 2008, the City entered into a COP with the United States Department of Agriculture Rural Development Agency (USDA RD) for Tulare Road in the amount of \$1,600,000. The COP has annual principal and interest approximately \$120,000 a year at 4.5% through 2029. As of June 30, 2021, the balance of the COP was \$802,786.

The annual debt service requirements for the 2008 USDA RD Roads COP are as follows:

Year Ended June 30	Principal	Interest	Total
2022	\$ 86,182	\$ 32,247	\$ 118,429
2023	89,844	28,204	118,048
2024	93,663	23,989	117,652
2025	97,643	19,595	117,238
2026	101,793	15,015	116,808
2027-2031	333,661	15,500	349,161
<b>Total</b>	<b>\$ 802,786</b>	<b>\$ 134,550</b>	<b>\$ 937,336</b>

On May 12, 2010, the City entered into a COP with the USDA RD for the construction of the Library Project in the amount of \$750,000. The COP has annual principal and interest payments of approximately \$37,000 a year at 4.125% through 2040. As of June 30, 2021, the balance of the COP was \$372,242.

The annual debt service requirements for the 2010 USDA RD Library COP are as follows:

Year Ended June 30	Principal	Interest	Total
2022	\$ 21,543	\$ 15,355	\$ 36,898
2023	22,405	14,466	36,871
2024	23,301	13,542	36,843
2025	24,233	12,581	36,814
2026	25,202	11,581	36,783
2027-2031	141,963	41,456	183,419
2032-2035	113,595	9,738	123,333
<b>Total</b>	<b>\$ 372,242</b>	<b>\$ 118,719</b>	<b>\$ 490,961</b>

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**6. LONG-TERM DEBT, Continued**

**A. Governmental Activities, Continued**

Finance Purchase Agreement – Fire Truck

On January 25, 2018, the City entered into a master purchase agreement with PNC Equipment Finance for purchase of a fire truck. The total amount financed by the bank was approximately \$725,819 with interest rate of 4.37%. The payments will be made over a 10-year period. As of June 30, 2021, the balance of the lease was \$539,643.

The annual debt service requirements for the lease are as follows:

Year Ended June 30	Principal	Interest	Total
2022	\$ 67,560	\$ 23,582	\$ 91,142
2023	70,513	20,630	91,143
2024	73,594	17,549	91,143
2025	76,810	14,332	91,142
2026	80,167	10,976	91,143
2027-2031	170,999	11,289	182,288
<b>Total</b>	<b>\$ 539,643</b>	<b>\$ 98,358</b>	<b>\$ 638,001</b>

TCTA Settlement Liability

On April 24, 2012, the City reached a settlement with the Tulare County Transportation Authority (TCTA) in the total amount of \$1,048,443 for repayment of improperly accounted for Measure R funds. Pursuant to the settlement, the City agreed to a 21-year repayment plan. The agreement was later revised in 2019 to remove required interest payments, and require 80 installment payments of \$13,105 to be made on a quarterly basis. As of June 30, 2021, the balance of the TCTA settlement liability was \$629,066.

The annual payment requirements for the agreement are as follows:

Year Ended June 30	Principal	Interest	Total
2022	\$ 52,422	-	\$ 52,422
2023	52,422	-	52,422
2024	52,422	-	52,422
2025	52,422	-	52,422
2026	52,422	-	52,422
2027-2031	262,111	-	262,111
2032-2033	104,845	-	104,845
<b>Total</b>	<b>\$ 629,066</b>	<b>\$ -</b>	<b>\$ 629,066</b>

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**6. LONG-TERM DEBT, Continued**

**A. Governmental Activities, Continued**

Caltrans Settlement Liability

Caltrans provides state funding for construction projects. The City did multiple projects in the 2000's. Caltrans alleged the City did not properly account for Downtown project and the Safe Routes to School project, and it demanded repayment of approximately \$1,000,000. On October 7, 2019, the City reached a settlement with the California Department of Transportation (Caltrans) in the total amount of \$349,032 for repayment of improperly accounted for funds. Pursuant to the settlement, the City agreed to a 7-year repayment plan based on the apportionment of fuel tax revenues from the State to the City, with annual payments calculated to approximately 10 percent of those fuel tax apportionments. As of June 30, 2021, the balance of the Caltrans settlement liability was \$249,310.

The annual payment requirements for the agreement are as follows:

Year Ended June 30	Principal	Interest	Total
2022	\$ 49,861	\$ 616	\$ 50,477
2023	49,861	616	50,477
2024	49,861	616	50,477
2025	49,861	616	50,477
2026	49,866	618	50,484
<b>Total</b>	<b>\$ 249,310</b>	<b>\$ 3,082</b>	<b>\$ 252,392</b>

HCD Settlement Liability

The City provides home and business loans using grant funds from the Housing and Urban Development (HUD) department, specifically Community Development Block Grants (CDBG) and HOME Program grant funds through the California Housing and Community Development Department, a sub-division of HUD. Based on monitoring visits conducted and previous audits, the City had three distinct issues related to grant funds from HUD via HCD. These matters are discussed below.

**Issue #1 Borrowing of grant funds for the City's general operations:** Between 2008 and 2018, the City experienced annual deficits in its General Fund, McDermont Sports Complex Fund and the Wellness Center Fund. In order to fund the overspending, the City borrowed grant funds from HCD programs through due to/from transactions at the end of each year. This was common practice between fiscal year 2003 and fiscal year 2009, but the transactions were not reversed, compounding and confusing the actual balances. In fiscal year 2015, the City reversed the transactions and established temporary transactions. These transactions were reversed each year, but the funds were not repaid. As a result, the cash balances in the General Fund, McDermont Sports Complex Fund and the Wellness Center Fund continued to increase in the negative direction.



**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**6. LONG-TERM DEBT, Continued**

**A. Governmental Activities, Continued**

HCD Settlement Liability, Continued

In 2017, the City formally recognized the borrowing by establishing advances to/from to account for the funds due to HCD programs. City Council approved the creation of the advances with a repayment schedule via Resolution 17-44 in 2017.

In 2018, the City Council amended the repayment schedule via Resolution 18-23. The City will repay \$2,060,000 (the entire amount borrowed from HCD programs) to HCD funds from the General Fund over a 10-year period beginning December 30, 2023. The City will pay an interest rate of 0.754%, which corresponds to the rate the City received from LAIF in 2017. The City did not have permission from HCD to borrow the funds for general purposes. Current administration, once it discovered the extent of the borrowing, shared the information with HCD.

**Issue #2 Home Loans to City employees and relatives of employees:** Prior to May 2011, the City did not have a formal loan committee to review home and business loans thru the HCD program funding. During the administration that ended November 9, 2010, the City authorized home loans to some City employees and relatives of employees who did not qualify for the program. The following administration requested the District Attorney investigate to determine if there was criminal wrongdoing. The District Attorney found no criminal wrongdoing. The City then (1) created a loan committee to review each loan prior to funding and (2) contracted with Self Help Enterprises to manage the loan application process to ensure full transparency and program compliance. As a result, there have been no new issues. The City complies with all new related-party transactions. The City considers this matter to no longer be an issue. The reference to this past issue is contained in this disclosure note to give context to the reader.

**Issue #3 Freeze Relief Funds:** In 2005, the City experienced a devastating freeze, which damaged the orange crops that are vital to the economy. HCD sent the City freeze relief funds, which the City used to put people to work with permission from HCD. After the City spent the money as approved by HCD, HCD reversed its permission and demanded the City repay \$900,000 in the freeze relief funds. Due to a fire that destroyed important records associated with the use of the freeze relief funds and turnover at HCD, the City does not have a complete record to demonstrate its compliance with HCD authorized uses. As discussed on pages 64 to 65, the City reached a settlement agreement with HCD addressing this issue.

On September 8, 2020, the City reached a settlement with the California Housing and Community Development Department (HCD) in the total amount of \$3,790,786 for repayment of improperly accounted for funds.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**6. LONG-TERM DEBT, Continued**

**A. Governmental Activities, Continued**

HCD Settlement Liability, Continued

Significant terms and conditions of the agreement are as follows:

- The City is required to make an initial payment of \$10,000 on the date of the agreement, and will make annual payments of \$89,360 until the balance outstanding on the agreement equals \$1,100,000.
- Interest on the outstanding balance will accrue at an annual rate of 9%.
- If all payments are made timely, the outstanding balance of \$1,100,000 and any accrued interest will be forgiven by HCD.
- In breach of contract (either due to failure to make payments or other), the City and HCD will meet and confer to resolve the breach, otherwise HCD will seek judicial enforcement of the agreement.
- All unspent program funds held as cash as of the date of the agreement will be remitted to HCD.
- Any program income received subsequent to the date of the agreement will be remitted to HCD.
- Any equipment acquired with program funds will be returned to HCD.
- Loans receivable related to the programs will be assigned to HCD.
- The City is temporarily barred from participating in any HCD programs for a period of five years.

As of June 30, 2021, the balance of the HCD settlement liability was \$3,780,786. \$1,100,000 is forgivable contingent on timely payments. Annual interest accrued on outstanding principal is forgivable.

The annual payment requirements for the agreement are as follows:

Year Ended June 30	Principal	Interest	Total
2022	\$ 89,360	\$ 283,559	\$ 372,919
2023	89,360	332,228	421,588
2024	89,360	324,186	413,546
2025	89,360	316,144	405,504
2026	89,360	308,101	397,461
2027-2031	446,800	1,419,870	1,866,670
2032-2036	446,800	1,218,810	1,665,610
2037-2041	446,800	1,017,750	1,464,550
2042-2046	446,800	816,690	1,263,490
2047-2051	446,800	615,630	1,062,430
2052-2056	446,800	414,570	861,370
2057-2061	446,800	213,510	660,310
2062-2066	206,386	31,597	237,983
	<u>\$ 3,780,786</u>	<u>\$ 7,312,645</u>	<u>\$ 11,093,431</u>

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**6. LONG-TERM DEBT, Continued**

**B. Business-Type Activities**

Certification of Participation (COP)

On June 20, 2007, the City entered into a COP with USDA RD for the Wellness Center in the amount of \$1,130,689. The total amount of the COP will be \$3,000,000 if totally drawn. The Wellness Center Fund has annual principal and interest payments of approximately \$129,000 a year at 4.25% through 2048. As of June 30, 2021, the balance of the COP was \$1,888,754.

The annual debt service requirements for the 2007 USDA RD Wellness Center COP are as follows:

Year Ended June 30	Principal	Interest	Total
2022	\$ 51,117	\$ 78,100	\$ 129,217
2023	53,289	75,835	129,124
2024	55,554	73,474	129,028
2025	57,915	71,012	128,927
2026	60,376	68,446	128,822
2027-2031	342,624	299,759	642,383
2032-2036	421,890	217,125	639,015
2037-2041	519,492	115,374	634,866
2042-2044	326,497	12,557	339,054
<b>Total</b>	<b>\$ 1,888,754</b>	<b>\$ 1,011,682</b>	<b>\$ 2,900,436</b>

Revenue Bonds Payable

On November 5, 1999, the City entered into a revenue bond with the USDA RD for the Waste Water Treatment Plant Project for \$7,000,000. The annual principal and interest payments of \$323,470 at 3.25% are through November 27, 2039. As of June 30, 2021, the balance due was \$4,530,492.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**6. LONG-TERM DEBT, Continued**

**B. Business-Type Activities, Continued**

Revenue Bonds Payable, Continued

The annual debt service requirements for 1999 USDA RD Waste Water expansion bond are as follows:

Year Ended June 30	Principal	Interest	Total
2022	\$ 176,229	\$ 147,241	\$ 323,470
2023	181,956	141,514	323,470
2024	187,870	135,600	323,470
2025	193,976	129,494	323,470
2026	200,280	123,190	323,470
2027-2031	1,103,372	513,978	1,617,350
2032-2036	1,294,709	322,641	1,617,350
2037-2040	1,192,100	98,238	1,290,338
<b>Total</b>	<b>\$ 4,530,492</b>	<b>\$ 1,611,896</b>	<b>\$ 6,142,388</b>

On December 11, 2000, the City entered into a revenue bond with the USDA RD for the Water Line Project for \$2,440,000. The annual principal and interest payments of \$109,874 at 3.25% are through December 11, 2040. As of June 30, 2021, the balance due was \$1,552,373.

The annual debt service requirements for 2000 USDA RD Water Line Project bond are as follows:

Year Ended June 30	Principal	Interest	Total
2022	\$ 59,462	\$ 50,412	\$ 109,874
2023	61,394	48,480	109,874
2024	63,389	46,485	109,874
2025	65,449	44,425	109,874
2026	67,577	42,297	109,874
2027-2031	372,289	177,081	549,370
2032-2036	436,849	112,521	549,370
2037-2040	425,964	31,944	457,908
<b>Total</b>	<b>\$ 1,552,373</b>	<b>\$ 553,645</b>	<b>\$ 2,106,018</b>

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**6. LONG-TERM DEBT, Continued**

**B. Business-Type Activities, Continued**

Revenue Bonds Payable, Continued

On June 22, 2004, the City entered into a revenue bond with the USDA RD for the Waste Water Project for \$480,000. The annual principal and interest payments of \$25,623 at 4.375% are through June 28, 2044. As of June 30, 2021, the balance due was \$356,507.

The annual debt service requirements for 2004 USDA RD Waste Water Project are as follows:

Year Ended June 30	Principal	Interest	Total
2022	\$ 10,026	\$ 15,597	\$ 25,623
2023	10,464	15,159	25,623
2024	10,922	14,701	25,623
2025	11,400	14,223	25,623
2026	11,899	13,724	25,623
2027-2031	67,773	60,342	128,115
2032-2036	83,954	44,161	128,115
2037-2041	103,998	24,117	128,115
2042-2044	46,071	2,998	49,069
<b>Total</b>	<b>\$ 356,507</b>	<b>\$ 205,022</b>	<b>\$ 561,529</b>

Remediation Liability

The City's Sewer Fund is responsible for the contamination of two water basins at the City's sewer plant. The preliminary cost of the clean-up referred to as the Lindsay Olive Growers (LOG) Pond Closure liability is estimated at \$2,570,981. This amount has been accrued as of June 30, 2021. However, additional amounts might be needed in the future in order to clean up the site, and the issue will be reviewed in fiscal year 2021-22 to ascertain if any additional amounts should be accrued.

**D. Compensated Leaves Payable**

Employees accrue vacation, annual leave, earned time off, and holiday leave up to certain maximums, based on the employee's bargaining unit.

The City accrues the liability for compensated leave as it is earned by employees. The amount of compensated leaves payable outstanding was \$622,282 as of June 30, 2021.

The amount due within one year of \$88,592 for Governmental Activities and \$23,097 for Business-Type Activities represents the estimated amount for anticipated retirees. The City typically uses the General Fund to liquidate the liability for compensated absences for governmental funds.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**7. CITY EMPLOYEES' RETIREMENT PLAN**

Plan Description

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

Benefit Provided

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

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

	Miscellaneous	Miscellaneous PEPRA
Hire date	1/1/1960	1/1/2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	55 w/5 year service credit	62 w/5 year service credit
Benefit payment	2.7% Avg. highest 12 months	2.0% Avg. highest 12 months
Retirement age	55	62
Monthly benefits as a % of annual salary	2.7%	2.0%
Required employee contribution rates	8.00%	6.250%
Required employer contribution rates	14.194%	7.732%
Required unfunded liability payment	\$407,958	\$5,035

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**7. CITY EMPLOYEES' RETIREMENT PLAN, Continued**

Benefit Provided, Continued

	Safety	Safety PEPRA
Hire date	1/1/1960	1/1/2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	55 w/5 year service credit	57 w/5 year service credit
Benefit payment	3.0% Avg. highest 12 months	2.7% Avg. highest 12 months
Retirement age	55	57
Monthly benefits as a % of annual salary	3.0%	2.7%
Required employee contribution rates	9.00%	11.500%
Required employer contribution rates	21.746%	13.044%
Required unfunded liability payment	\$328,247	\$2,163

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

Miscellaneous and safety Plan employees agreed to pay an additional three and five percentage points, respectively, towards the City’s contributions to the Plan. The City has not updated its contract with CalPERS to reflect these changes, hence these payments are considered to be employer contributions.

The City’s contributions to the Plan for the measurement period ended June 30, 2020 were \$922,615. Contributions to the Plan for the current fiscal year ended June 30, 2021 were \$1,029,559, and are reflected as a deferred outflow of resources in the basic financial statements.

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 \$9,743,120.

The City’s net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. 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 actuarial valuations as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The City’s proportionate of the net pension liability was based on the City’s plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**7. CITY EMPLOYEES' RETIREMENT PLAN, Continued**

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

The City's proportionate share of the net pension liability for each Plan as of June 30, 2019 and 2020 were as follows:

Proportion - June 30, 2019	0.09039%
Proportion - June 30, 2020	<u>0.08955%</u>
Change - Increase (decrease)	-0.00084%

For the year ended June 30, 2021, the City recognized pension expense of \$1,586,805. At June 30, 2021, the City reported deferred outflow of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 1,029,559	\$ -
Changes in assumptions	-	52,665
Differences between expected and actual experience	617,230	-
Changes in employer's proportion	-	157,825
Differences between the employer's contributions and the employer's proportionate share of contributions	25,068	231,670
Net differences between projected and actual earnings on plan investments	254,146	-
<b>Total</b>	<u>\$ 1,926,003</u>	<u>\$ 442,160</u>

\$1,029,559 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 ending June 30, 2022.



**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**7. CITY EMPLOYEES' RETIREMENT PLAN, Continued**

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,		
2022	\$	(5,513)
2023		189,233
2024		146,607
Thereafter		123,957

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

Investment Rate of Return	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality <sup>(1)</sup>	Derived using CalPERS Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

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

**Discount Rate** - The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**7. CITY EMPLOYEES' RETIREMENT PLAN, Continued**

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class <sup>(a)</sup>	Assumed Asset Allocation	Real Return Years 1 - 10 <sup>(b)</sup>	Real Return Years 11+ <sup>(c)</sup>
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	100.00 %		

(a) In the System's CAFR, Fixed Income is included in Global Debt Securities;

Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.00% used for this period.

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

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**7. CITY EMPLOYEES' RETIREMENT PLAN, Continued**

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

1% Decrease	6.15%
Net Pension Liability	\$ 14,505,447
Current Discount Rate	7.15%
Net Pension Liability	\$ 9,743,120
1% Increase	8.15%
Net Pension Liability	\$ 5,821,252

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

Payable to the Pension Plan

At June 30, 2021 the City reported no amount payable for outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

**8. JOINT VENTURE - SELF-INSURANCE PROGRAM**

The City is a member of the Central San Joaquin Valley Risk Management Authority (CSJVRMA). CSJVRMA is a consortium of fifty-four (54) cities in the San Joaquin Valley, California, established under the provisions of California Government Code Section 6500, et seq. CSJVRMA provides risk coverage for its members through the pooling of risks and purchased insurance. This coverage extends to workers' compensation and general liability. CSJVRMA is governed by a board consisting of one board member appointed by each member agency and meets three to four times a year. The board has contracted with a management group to supervise and conduct CSJVRMA affairs.

The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

In the event of termination and after all claims have been settled, any excess or deficit will be divided among the agencies in accordance with an approved formula.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**8. JOINT VENTURE - SELF-INSURANCE PROGRAM, Continued**

**General Liability Insurance:** Annual deposits are paid by member cities and are adjusted retrospectively to cover costs. The City is covered for the first \$1,000,000 of each general liability claim. The City has the right to receive dividends or the obligation to pay assessments based on a formula, which among other expenses, charges the City’s account for liability under \$25,000. CSJVRMA participates in an excess pool that provides general liability coverage from \$1,000,000 to \$10,000,000.

**Workers’ Compensation:** The workers’ compensation program includes pooling of retained losses plus excess insurance. Annual deposits are paid by member cities and are adjusted retrospectively on an annual basis to cover costs and reflect claims experience of both the individual member and the pool. The City is covered for the first \$250,000 of each workers’ compensation claim through CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula, which among other expenses, charges the City’s account for workers’ compensation losses under \$250,000. CSJVRMA participates in an excess pool that provides workers’ compensation coverage from \$250,000 to \$500,000 and purchases excess insurance above the statutory limit.

There have been no significant changes in insurance coverage as compared to last year, and settlements have not exceeded coverage in each of the past three fiscal years.

**9. POST-RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN**

**A. Plan Description**

The City administers the City’s retired employees’ healthcare plan, a single employer defined benefit health care plan. The plan provides continuation of medical, dental, and vision coverage to qualifying retiring employees. City resolutions and agreements assign the authority to establish and amend benefit provisions to the City. A separate OPEB trust account has not been established by the City for the plan.

**B. Employees Covered**

As of the June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the Retiree Health Plan:

Active employees	39
Inactive employees or beneficiaries currently receiving benefits	3
Total	42

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**9. POST-RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN, Continued**

**C. Contribution**

The contribution requirements of plan members and the City are established and may be amended by the City. The required contribution is based on a projected pay-as-you-go financing requirements, with additional amounts to prefund benefits determined annually by the City Council. For the fiscal year ended June 30, 2021, the City contributed \$28,027 (including implicit subsidy) and zero to prefund benefits. Plan members receiving benefits contributed no amounts to the total premiums. The General Fund has typically been used to liquidate OPEB liabilities for governmental funds.

**D. Total OPEB Liability**

The City's total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation dated June 30, 2021 using the following actuarial methods and assumptions:

Actuarial Assumptions:

Discount Rate	2.16%, net of investment expense, including inflation
Inflation	2.50%
Salaries Increases	2.75%, average, including inflation
Mortality <sup>(1)</sup>	2017 CalPERS Mortality Tables
Healthcare Cost Trend Rates	4.00%

<sup>(1)</sup> Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Mortality Tables for males or females, as appropriate, projected using a generational projection based on 100% of scale MP-2016 for years 2014-2029, 50% of MP-2016 for years 2030-2049, and 20% of MP-2016 for 2050 and thereafter.

**E. Discount Rate**

The discount rate used to measure the total OPEB liability was 2.16%. The City's OPEB plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high quality 20-year municipal bonds, as of the valuation date.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**9. POST-RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN, Continued**

*F. Changes in the Total OPEB Liability*

The changes in the total OPEB liability for the OPEB plan are as follows:

	Total OPEB Liability
<b>Balance at June 30, 2020</b>	\$ 1,958,240
Service cost	102,491
Interest on the total OPEB liability	43,900
Differences between actual and expected experience	98,985
Changes in assumptions	(14,499)
Benefits paid to retirees	(28,027)
Net changes	202,850
<b>Balance at June 30, 2021</b>	<b>\$ 2,161,090</b>

*G. Sensitivity of the OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the measurement period ended June 30, 2021:

1% Decrease	1.16%
Total OPEB Liability	\$ 2,386,871
Current Discount Rate	2.16%
Total OPEB Liability	\$ 2,161,090
1% Increase	3.16%
Total OPEB Liability	\$ 1,951,549

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**9. POST-RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN, Continued**

*H. Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates*

The following presents the total OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate for the measurement period ended June 30, 2021:

1% Decrease		3.00%
Total OPEB Liability	\$	1,832,510
Current Discount Rate		4.00%
Total OPEB Liability	\$	2,161,090
1% Increase		5.00%
Total OPEB Liability	\$	2,560,239

*I. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB*

For the year ended June 30, 2021, the City recognized OPEB expense of \$182,635. At June 30, 2021, the City reported deferred outflow of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 149,345	\$ 2,012
Changes in assumptions	187,715	45,482
<b>Total</b>	<b>\$ 337,060</b>	<b>\$ 47,494</b>

There were no amounts reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 measurement date. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ending June 30,	
2022	\$ 36,244
2023	36,244
2024	36,244
2025	36,244
2026	36,244
Thereafter	108,346

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**10. FUND BALANCE**

Detailed classifications of the City’s fund balances as of June 30, 2021 are stated below.

	General Fund	Street Improvement Fund	Local Transportation Fund	Nonmajor Governmental Funds	Total
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Road construction and maintenance	\$ -	\$ 3,051,414	\$ 2,972,023	\$ -	\$ 6,023,437
Community development	-		-	72,401	72,401
Curb and gutter	-	-	-	148,269	148,269
Transit	-	-	-	7,448	7,448
Park improvement	-	-	-	104,320	104,320
Special assessments	-	-	-	91,088	91,088
Gas tax	-	-	-	1,316,665	1,316,665
<b>Unassigned</b>	(2,466,941)	-	-	(32,297)	(2,499,238)
<b>Total</b>	<b>\$ (2,466,941)</b>	<b>\$ 3,051,414</b>	<b>\$ 2,972,023</b>	<b>\$ 1,707,894</b>	<b>\$ 5,264,390</b>

**11. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (the Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the City that previously had reported a redevelopment agency blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the county or 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 Lindsay City Council adopted a resolution affirming that the City would serve as the successor agency to the former Lindsay Redevelopment Agency (the Agency).

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).

In future fiscal years, successor agencies are only to be allocated tax increment 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.



**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**11. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY,**  
**Continued**

The Bill directs the State Controller of the State of California to review 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 or 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 legal 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 unfavorably 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 legal entities as of February 1, 2012.

After the date of dissolution, as allowed under Section 341716(a) of the Bill, the City elected to transfer the housing assets and functions previously performed by the Agency. The remaining assets, liabilities, and activities of the dissolved Agency are reported in the Successor Agency fiduciary fund (private-purpose trust fund) in the financial statements of the City.

Successor Agency Long-Term Debt

In accordance with the provisions of the Bill and the court case, the obligations of the former redevelopment agency became vested with the funds established for the successor agency upon the date of dissolution, February 1, 2012. Tax increment revenue is pledged to fund the debts of the Successor Agency Trust subject to the reapportionment of such revenues as provided by the Bill.

Successor Agency long-term debt activity for the year ended June 30, 2021 was as follows:

Successor Agency Trust Activities	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021	Due Within One Year	Due More than One Year
Bonds payable						
2015 Tax Allocation Refunding Bond	\$11,445,000	\$ -	\$ (435,000)	\$11,010,000	\$ 465,000	\$10,545,000
Total bonds payable	11,445,000	-	(435,000)	11,010,000	465,000	10,545,000
Notes payable						
CalHFA - RDLP Loan	582,698	-	(582,698)	-	-	-
Total notes payable	582,698	-	(582,698)	-	-	-
Total Successor Agency Trust Activities	\$12,027,698	\$ -	\$ (1,017,698)	\$11,010,000	\$ 465,000	\$10,545,000

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**11. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY,**  
**Continued**

**A. Tax Allocation Bonds Payable**

On June 1, 2015, the Successor Agency refunded the 2005, 2007, and 2008 tax allocation bonds in the amounts of \$3,925,000, \$6,895,000, and \$3,270,000, respectively, with the refunding issue of 2015 in the amount of \$13,000,000. The bonds have principal payments each August 1 through 2037 and accrue interest at 3.0% - 5.0%, which is payable semiannually. The bonds are payable solely from pledged tax revenues allocated and paid to the Successor Agency from properties in the project area. As of June 30, 2021, the balance on the bonds was \$11,010,000.

**A. Tax Allocation Bonds Payable, Continued**

The annual debt service requirements for 2015 Tax Allocation Refunding Bond are as follows:

Year Ended June 30	Principal	Interest	Total
2022	\$ 465,000	\$ 416,231	\$ 881,231
2023	485,000	392,481	877,481
2024	510,000	367,606	877,606
2025	535,000	341,481	876,481
2026	565,000	319,631	884,631
2027-2031	3,095,000	1,310,717	4,405,717
2032-2036	3,670,000	706,301	4,376,301
2037-2038	1,685,000	68,100	1,753,100
<b>Total</b>	<b>\$ 11,010,000</b>	<b>\$ 3,922,548</b>	<b>\$ 14,932,548</b>

**12. PRIOR PERIOD ADJUSTMENTS**

The City recorded the following prior period adjustments during the year.

Government-Wide Financial Statements

Governmental Activities - The restatements recorded included the following:

- Correct utility billing related receivables to remove amounts previously written off in the utility billing subledger, and correctly account for June billings that are posted in July.
- Reinstate as requested by the State of California Auditor's Office interfund advances previously written-off.
- Reclassify certain loan programs assigned to HCD as custodial funds in accordance with GASB Statement No. 84.
- To reallocate pension balances based on updated allocation percentages between reporting units.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**12. PRIOR PERIOD ADJUSTMENTS, Continued**

Business-Type Activities – The restatements recorded included the following:

- Correct utility billing related receivables to remove amounts previously written off in the utility billing subledger, and correctly account for June billings that are posted in July.
- Reinstate as requested by the State of California Auditor’s Office interfund advances previously written-off.

	Net Position, as Previously Reported at June 30, 2020	Prior Period Adjustments			Pension Allocation	Net Position, as Restated at June 30, 2020
		Accounts Receivable	Internal Balances	GASB 84		
Governmental Activities	\$ 50,035,706	\$ 42,974	\$ (4,650,185)	\$ (12,918,275)	\$ 394,819	\$ 32,510,220
Business-Type Activities	\$ 14,435,264	\$ 56,553	\$ 4,650,185	\$ -	\$ (394,819)	\$ 18,747,183

Fund Financial Statements

The restatements recorded in the governmental funds were to correct receivables relating to utility billing, reinstate as requested by the State of California Auditor’s Office interfund advances previously written-off, segregate funds identified as restricted from the General Fund, and reclassify certain loan programs assigned to HCD as custodial funds.

	Fund Balance Previously Reported at June 30, 2020	Prior Period Adjustments			Net Position, as Restated at June 30, 2020
		Accounts Receivable	Advances to/ (from) Other Funds	Fund Reclassification	
<u>Governmental Funds</u>					
General Fund	\$ 3,168,406	\$ 36,541	\$ (6,332,305)	\$ (734,024)	\$ (3,861,382)
Street Improvement	\$ -	\$ 3,577	\$ 1,557,120	\$ 722,285	\$ 2,282,982
Non-Major Funds:					
Park Improvement	\$ -	\$ -	\$ 90,000	\$ 11,739	\$ 101,739
Curb and Gutter	\$ 15,370	\$ 2,856	\$ 35,000	\$ -	\$ 53,226
Community Development*	\$ 12,986,538	\$ -	\$ -	\$ (12,918,275)	\$ 68,263

\*Community Development Special Revenue Fund was reported as major fund in fiscal year 2020, however did not meet the requirements of a major fund in fiscal year 2021.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

**12. PRIOR PERIOD ADJUSTMENTS, Continued**

The restatements recorded in the enterprise funds were to correct receivables relating to utility billing, reinstate as requested by the State of California Auditor’s Office interfund advances previously written-off, and to reallocate pension balances based on updated allocation percentages between reporting units. .

	Net Position, as Previously Reported at June 30, 2020	Prior Period Adjustments			Net Position, as Restated at June 30, 2020
		Accounts Receivable	Advances to Other Funds	Pension Allocation	
<b>Enterprise Funds</b>					
Water Fund	\$ 6,209,214	\$ 164,920	\$ 1,906,797	\$ (210,764)	\$ 8,070,167
Sewer Fund	\$ 2,538,181	\$ (66,017)	\$ 2,341,466	\$ (87,204)	\$ 4,726,426
Refuse Fund	\$ (5,098)	\$ (42,350)	\$ 401,922	\$ 13,700	\$ 368,174
Wellness Center Fund	\$ 5,692,967	\$ -	\$ -	\$ (110,551)	\$ 5,582,416

The City recorded prior period adjustments to Fiduciary Funds to classify loan programs assigned to HCD as custodial funds in accordance with GASB Statement No. 84.

	Net Position, as Previously Reported at June 30, 2020	Prior Period Adjustments		Net Position, as Restated at June 30, 2020
		Loans Receivable	Other Balances	
<b>Fiduciary Funds</b>				
Custodial Fund	\$ -	\$ 12,875,740	\$ 42,535	\$ 12,918,275

**13. DEFICIT FUND BALANCE**

The General Fund reported a deficit fund balance of \$2,466,941. The City’s plan to address the deficit is described in Note 15.

The State Parks non-major governmental fund reported a deficit fund balance of \$32,297. The City expects the deficit to be resolved by reimbursement from the State.

**14. EXCESS EXPENDITURES OVER APPROPRIATIONS**

The General Fund had excess expenditures over appropriations of \$265,222. The excess was covered by higher than anticipated revenues and savings in transfers to other funds.

The Street Improvement Fund had excess expenditures over appropriations of \$49,861. The excess was covered by current year street improvement program revenues.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2021**

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**15. GOING CONCERN**

The accompanying financial statements have been prepared assuming the City will continue as a going concern. The City's General Fund after reinstatement of interfund loans has a deficit fund balance of \$2,466,941. In addition, the City's enterprise unrestricted net position mostly derives from the significant receivables owed by the General Fund, which are to be collected over a lengthy period. The ability of the City to continue as a going concern and meet its obligations as they become due is dependent on the City's ability to develop and implement a plan that will successfully eliminate the current deficit in the General Fund and repay amounts owed to the enterprise funds. The financial statements do not include any adjustments that might be necessary if the City is unable to continue as a going concern.

Staff is dedicated to continuing the work needed to correct the financial position of the City, which continues to be negatively impacted by the damaging effects of operational mismanagement from decades prior. Successful tax revenue generating measures in recent years have helped to bring needed resources to the City. Additional tax revenue is expected in future years with the addition of a second retail cannabis location and the completion of a 54-unit low-income housing development. Cost studies are underway for all City fees and rates, including fees and rates for the water and sewer enterprise funds.

Staff is also working with the State Auditor's Office to follow a formal Corrective Action Plan for the City that will meet both short-term operating needs and build long term fiscal sustainability. To this end, Management has agreed to follow all recommendations made by the State Auditor and has already implemented several financial policies including policies for grant management and fund reserve levels.

The City has adopted a long-range financial plan in conformity with GFOA best practices to provide a guide for dealing with future financial matters systematically.

**16. SUBSEQUENT EVENTS**

The City was awarded \$3,220,636 in America Rescue Plan Act of 2021 (ARPA) funds, and received \$1,610,318 subsequent to the end of the year on July 13, 2021. Potential uses of ARPA funds include:

- Supporting public health expenditures
- Address negative economic impacts caused by the public health emergency
- Replace lost public sector revenue
- Provide premium pay for essential workers
- Invest in water, sewer, and broadband infrastructure

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**City of Lindsay**  
**Required Supplementary Information**  
**For the year ended June 30, 2021**

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**1. BUDGETS AND BUDGETARY ACCOUNTING**

*A. Budgetary Control and Budgetary Accounting*

The City Council is required to adopt an annual budget resolution by July 1<sup>st</sup> of each fiscal year for the General Fund, special revenue, capital projects, debt service, and enterprise funds. These budgets are adopted and presented for reporting purposes on a basis consistent with generally accepted accounting principles. The City did not adopt a budget for the Community Development Fund.

The appropriated budget is prepared by fund, function, and department. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the department level. The City Council made several supplemental budgetary appropriations throughout the fiscal year.

Budgeted appropriations for various governmental funds become effective each July 1. The City Council may amend the budget during the fiscal year. Appropriations generally lapse at the end of the fiscal year to the extent they have not been expended or encumbered.



**City of Lindsay**  
**Required Supplementary Information**  
**For the year ended June 30, 2021**

**1. BUDGETS AND BUDGETARY ACCOUNTING, Continued**

**B. Budgetary Comparison Schedule - General Fund**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 346,201	\$ 346,201	\$ 486,443	\$ 140,242
Sales taxes	979,000	979,000	1,288,539	309,539
Measure O taxes	944,000	944,000	1,540,556	596,556
Utilities users' taxes	931,526	931,526	958,392	26,866
Other taxes	1,509,553	1,509,553	1,883,228	373,675
Licenses and permits	210,614	210,614	263,093	52,479
Intergovernmental	159,785	159,785	368,984	209,199
Charges for services	9,650	9,650	6,470	(3,180)
Fees and fines	140,500	140,500	174,632	34,132
Interest revenue	560	560	5,332	4,772
Other revenues	6,800	6,800	197,189	190,389
<b>Total revenues</b>	<b>5,238,189</b>	<b>5,238,189</b>	<b>7,172,858</b>	<b>1,934,669</b>
<b>EXPENDITURES:</b>				
Current:				
General government	706,795	706,795	1,046,541	(339,746)
Public safety	2,989,613	2,989,613	2,851,291	138,322
Parks and recreation	229,342	229,342	161,411	67,931
Public works	468,848	468,848	586,053	(117,205)
Streets and transportation	311,638	311,638	260,537	51,101
Community development	126,248	126,248	78,197	48,051
Debt service:				
Principal	215,446	215,446	277,868	(62,422)
Interest and administrative charges	110,021	110,021	105,221	4,800
Capital outlay	37,510	37,510	93,564	(56,054)
<b>Total expenditures</b>	<b>5,195,461</b>	<b>5,195,461</b>	<b>5,460,683</b>	<b>(265,222)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>42,728</b>	<b>42,728</b>	<b>1,712,175</b>	<b>1,669,447</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	349,430	349,430	103,217	(246,213)
Transfers out	(540,000)	(540,000)	(244,457)	295,543
<b>Total other financing sources (uses)</b>	<b>(190,570)</b>	<b>(190,570)</b>	<b>(141,240)</b>	<b>49,330</b>
<b>Net change in fund balances</b>	<b>\$ (147,842)</b>	<b>\$ (147,842)</b>	<b>\$ 1,570,935</b>	<b>\$ 1,718,777</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year, as restated			(3,815,873)	
End of year			<b>\$ (2,244,938)</b>	

**City of Lindsay**  
**Required Supplementary Information**  
**For the year ended June 30, 2021**

**1. BUDGETS AND BUDGETARY ACCOUNTING, Continued**

***B. Budgetary Comparison Schedule - General Fund, Continued***

Reconciliation of General Fund Budgetary Schedule to generally accepted accounting principles information presented in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund.

	General Fund	Public Safety Asset Forfeiture	COVID-19	Capital Projects	Total General Fund
Total revenues	\$ 7,172,858	\$ 86	\$ -	\$ -	\$ 7,172,944
Total expenditures	5,460,683	-	127,444	49,136	5,637,263
Excess (deficiency) of revenues over (under) expenditures	1,712,175	86	(127,444)	(49,136)	1,535,681
Total other financing sources (uses)	(141,240)	-	-	-	(141,240)
Net change in fund balance	1,570,935	86	(127,444)	(49,136)	1,394,441
Beginning of year, restated	(3,815,873)	30,325	(75,834)	-	(3,861,382)
End of year	<u>\$ (2,244,938)</u>	<u>\$ 30,411</u>	<u>\$ (203,278)</u>	<u>\$ (49,136)</u>	<u>\$ (2,466,941)</u>

**City of Lindsay**  
**Required Supplementary Information**  
**For the year ended June 30, 2021**

**1. BUDGETS AND BUDGETARY ACCOUNTING, Continued**

***C. Budgetary Comparison Schedule - Street Improvement Program Fund***

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Street improvement program	\$ -	\$ -	\$ 919,068	\$ 919,068
Licenses and permits	3,250	3,250	-	(3,250)
Interest revenue	-	-	2,442	2,442
<b>Total revenues</b>	<b>3,250</b>	<b>3,250</b>	<b>921,510</b>	<b>918,260</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	-	-	49,861	(49,861)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>49,861</b>	<b>(49,861)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,250</b>	<b>3,250</b>	<b>871,649</b>	<b>868,399</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(103,217)	(103,217)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(103,217)</b>	<b>(103,217)</b>
<b>Net change in fund balances</b>	<b>\$ 3,250</b>	<b>\$ 3,250</b>	<b>768,432</b>	<b>\$ 765,182</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year, as restated			2,282,982	
End of year			<u>\$ 3,051,414</u>	

**City of Lindsay**  
**Required Supplementary Information**  
**For the year ended June 30, 2021**

**1. BUDGETS AND BUDGETARY ACCOUNTING, Continued**

**C. Budgetary Comparison Schedule - Local Transportation Fund**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 1,040,424	\$ 1,040,424	915,826	\$ (124,598)
Interest revenue	850	850	5,562	4,712
<b>Total revenues</b>	<b>1,041,274</b>	<b>1,041,274</b>	<b>921,388</b>	<b>(119,886)</b>
<b>EXPENDITURES:</b>				
Current:				
Streets and transportation	70,957	70,957	36,850	34,107
Debt service:				
Principal	82,668	82,668	82,668	-
Interest and administrative charges	39,846	39,846	37,985	1,861
<b>Total expenditures</b>	<b>193,471</b>	<b>193,471</b>	<b>157,503</b>	<b>35,968</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>847,803</b>	<b>847,803</b>	<b>763,885</b>	<b>(83,918)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(610,000)	(610,000)	-	610,000
<b>Total other financing sources (uses)</b>	<b>(610,000)</b>	<b>(610,000)</b>	<b>-</b>	<b>610,000</b>
<b>Net change in fund balances</b>	<b>\$ 237,803</b>	<b>\$ 237,803</b>	<b>763,885</b>	<b>\$ 526,082</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year			2,234,120	
End of year			<b>\$ 2,998,005</b>	

**City of Lindsay**  
**Required Supplementary Information**  
**For the year ended June 30, 2021**

**2. DEFINED BENEFIT PENSION PLANS**

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

Fiscal year:	2021	2020	2019	2018	2017	2016	2015
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.08955%	0.09039%	0.09174%	0.09245%	0.09544%	0.09928%	0.09999%
Proportionate share of the net pension liability	\$ 9,743,120	\$ 9,262,536	\$ 8,840,660	\$ 9,168,480	\$ 8,258,639	\$ 6,814,687	\$ 6,216,207
Covered payroll	\$ 2,489,675	\$ 2,385,716	\$ 2,572,760	\$ 2,907,772	\$ 2,689,271	\$ 2,799,950	\$ 2,769,950
Proportionate share of the net pension liability as a percentage of covered payroll	391.34%	388.25%	343.63%	315.31%	307.10%	243.39%	224.42%
Plan's share of fiduciary net position as a percentage of total net pension liability	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

**Note to Schedule**

\* Fiscal year 2015 was the 1st year of implementation, therefore there are fewer than 10 years shown.

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016, and then decreased from 7.65% to 7.15% in fiscal year 2018.

The CalPERS mortality assumptions were adjusted in fiscal year 2019.

**B. Schedule of Contributions - Last 10 Years**

Fiscal year:	2020	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 1,029,559	\$ 922,615	\$ 1,128,405	\$ 1,021,760	\$ 1,207,603	\$ 726,038	\$ 700,907
Contractually in relation to the actuarially determined contributions	(1,029,559)	(922,615)	(1,128,405)	(1,021,760)	(1,207,603)	(726,038)	(700,907)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,717,288	\$ 2,489,675	\$ 2,385,716	\$ 2,572,760	\$ 2,907,772	\$ 2,689,271	\$ 2,799,950
Contributions as a percentage of covered payroll	37.89%	37.06%	47.30%	39.71%	41.53%	27.00%	25.03%

**Note to Schedule**

\* Fiscal year 2015 was the 1st year of implementation, therefore there are fewer than 10 years shown.

Methods and assumptions used to determine contribution rates:

Valuation date (for contractually required contribution):	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Actuarial cost method:	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method:	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Assets valuation method:	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year
Inflation:	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases:	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return:	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age:	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Mortality:	(4)	(4)	(4)	(4)	(4)	(4)	(4)

(1) Level percent Level percentage of payroll, closed

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

(3) 50 for all plans, with the exception of 52 for Miscellaneous PEPRA 2%@62

(4) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

**City of Lindsay**  
**Required Supplementary Information**  
**For the year ended June 30, 2021**

**3. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

*A. Schedule of Changes in the City's Total OPEB Liability and Related Ratios*

Fiscal Year:	2021	2020	2019	2018
<b>Changes in the year:</b>				
Service cost	\$ 102,491	\$ 99,506	\$ 76,602	\$ 79,370
Interest on the total pension liability	43,900	42,590	58,378	52,405
Differences between actual and expected experience	98,985	73,023	(2,879)	1,127
Changes in assumptions	(14,499)	175,866	72,921	(52,488)
Benefits paid to retirees	(28,027)	(40,536)	(37,872)	(31,041)
Net changes	202,850	350,449	167,150	49,373
<b>Total OPEB Liability - beginning of the year</b>	<b>\$ 1,958,240</b>	<b>\$ 1,607,791</b>	<b>\$ 1,440,641</b>	<b>\$ 1,391,268</b>
<b>Total OPEB Liability - end of the year</b>	<b>\$ 2,161,090</b>	<b>\$ 1,958,240</b>	<b>\$ 1,607,791</b>	<b>\$ 1,440,641</b>
Covered employee payroll	\$ 2,897,502	\$ 2,912,375	\$ 2,637,580	\$ 2,560,757
City's total OPEB Liability as a percentage of covered employee payroll	74.58%	67.24%	60.96%	56.26%

Notes

1) The City does not accumulate assets in a trust as defined per GASB 74 or GASB 75.

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# SUPPLEMENTARY INFORMATION

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## GENERAL FUND

**City of Lindsay**  
**Combining Balance Sheet**  
**General Fund**  
**June 30, 2021**

	General Fund	Public Safety Asset Forfeiture	COVID-19	Capital Projects	Total General Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,325,456	\$ 35,688	\$ (203,123)	\$ (49,136)	\$ 3,108,885
Accounts receivable, net	252,026	-	-	-	252,026
Due from other funds	73,045	-	-	-	73,045
Due from other governments	665,939	-	-	-	665,939
<b>Total assets</b>	<b>\$ 4,316,466</b>	<b>\$ 35,688</b>	<b>\$ (203,123)</b>	<b>\$ (49,136)</b>	<b>\$ 4,099,895</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts and other payables	\$ 14,777	\$ 5,277	\$ -	\$ -	\$ 20,054
Accrued wages	212,972	-	155	-	213,127
Advances from other funds	6,332,305	-	-	-	6,332,305
Refundable deposits	1,350	-	-	-	1,350
<b>Total liabilities</b>	<b>6,561,404</b>	<b>5,277</b>	<b>155</b>	<b>-</b>	<b>6,566,836</b>
<b>Fund Balances:</b>					
Unassigned	(2,244,938)	30,411	(203,278)	(49,136)	(2,466,941)
<b>Total fund balances</b>	<b>(2,244,938)</b>	<b>30,411</b>	<b>(203,278)</b>	<b>(49,136)</b>	<b>(2,466,941)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,316,466</b>	<b>\$ 35,688</b>	<b>\$ (203,123)</b>	<b>\$ (49,136)</b>	<b>\$ 4,099,895</b>

**City of Lindsay**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**General Fund**  
**For the year ended June 30, 2021**

	General Fund	Public Safety Asset Forfeiture	COVID-19	Capital Projects	Total General Fund
<b>REVENUES:</b>					
Property taxes	\$ 486,443	\$ -	\$ -	\$ -	\$ 486,443
Sales taxes	1,288,539	-	-	-	1,288,539
Measure O taxes	1,540,556	-	-	-	1,540,556
Utilities users' taxes	958,392	-	-	-	958,392
Other taxes	1,883,228	-	-	-	1,883,228
Licenses and permits	263,093	-	-	-	263,093
Intergovernmental	368,984	-	-	-	368,984
Charges for services	6,470	-	-	-	6,470
Fees and fines	174,632	-	-	-	174,632
Interest revenue	5,332	86	-	-	5,418
Other revenues	197,189	-	-	-	197,189
<b>Total revenues</b>	<b>7,172,858</b>	<b>86</b>	<b>-</b>	<b>-</b>	<b>7,172,944</b>
<b>EXPENDITURES:</b>					
Current:					
General government	1,046,541	-	-	-	1,046,541
Public safety	2,851,291	-	127,444	-	2,978,735
Parks and recreation	161,411	-	-	-	161,411
Public works	586,053	-	-	-	586,053
Streets and transportation	260,537	-	-	46,143	306,680
Community development	78,197	-	-	-	78,197
Debt service:					
Principal	277,868	-	-	-	277,868
Interest and administrative charges	105,221	-	-	-	105,221
Capital outlay	93,564	-	-	2,993	96,557
<b>Total expenditures</b>	<b>5,460,683</b>	<b>-</b>	<b>127,444</b>	<b>49,136</b>	<b>5,637,263</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,712,175</b>	<b>86</b>	<b>(127,444)</b>	<b>(49,136)</b>	<b>1,535,681</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	103,217	-	-	-	103,217
Transfers out	(244,457)	-	-	-	(244,457)
<b>Total other financing sources (uses)</b>	<b>(141,240)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(141,240)</b>
<b>Net change in fund balances</b>	<b>1,570,935</b>	<b>86</b>	<b>(127,444)</b>	<b>(49,136)</b>	<b>1,394,441</b>
<b>FUND BALANCES (DEFICITS):</b>					
Beginning of year, as restated	(3,815,873)	30,325	(75,834)	-	(3,861,382)
End of year	\$ (2,244,938)	\$ 30,411	\$ (203,278)	\$ (49,136)	\$ (2,466,941)

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## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

*Special Assessment Districts Fund* account for the activities of the special assessment housing districts in the City. Property owners in these districts pay additional property tax to fund special landscaping and other services in the district.

*Community Development Fund* accounts for all financial transactions having to do with CHFA-HELP LHBP mortgage assistance loans.

*Gas Tax Fund* accounts for transportation funding from the State's gas tax. It includes funds for construction, maintenance, engineering, congestion relief and road rehabilitation. The City uses Gas Tax funds on streets and transportation projects.

*Park Improvement Fund* accounts for monies received from developers restricted for park improvements.

*Transit Fund* accounts for revenues from bus fare token. The City does not operate the bus system in Lindsay, but does sell bus fare tokens. Transit Funds are used in conjunction with transit projects.

*State Parks Fund* accounts for state grant revenues restricted for parks.

### CAPITAL PROJECT FUND

*Curb and Gutter Fund* is part of Sewer Fund. It accounts for funds for some street and sidewalk repairs.

**City of Lindsay**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2021**

	Special Revenue				
	Special	Community	Gas Tax	Park	
	Assessment Districts			Development	Improvement
<b>ASSETS</b>					
Cash and cash equivalents	\$ 90,825	\$ 3,446	\$ 1,159,812	\$ 14,371	\$ 7,448
Accounts receivable, net	-	-	-	-	-
Due from other governments	263	-	169,729	-	-
Notes receivable	-	68,955	-	-	-
Advances to other funds	-	-	-	90,000	-
<b>Total assets</b>	<b>\$ 91,088</b>	<b>\$ 72,401</b>	<b>\$ 1,329,541</b>	<b>\$ 104,371</b>	<b>\$ 7,448</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accrued wages	\$ -	\$ -	\$ 12,876	\$ 51	\$ -
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>12,876</b>	<b>51</b>	<b>-</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Restricted	91,088	72,401	1,316,665	104,320	7,448
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>91,088</b>	<b>72,401</b>	<b>1,316,665</b>	<b>104,320</b>	<b>7,448</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 91,088</b>	<b>\$ 72,401</b>	<b>\$ 1,329,541</b>	<b>\$ 104,371</b>	<b>\$ 7,448</b>

Special Revenue	Capital Project	Total Non-Major Governmental Funds
State Parks	Curb and Gutter	
\$ -	\$ 13,323	\$ 1,289,225
-	96,177	96,177
32,297	-	202,289
-	3,769	72,724
-	35,000	125,000
<u>\$ 32,297</u>	<u>\$ 148,269</u>	<u>\$ 1,785,415</u>
\$ 25	\$ -	\$ 12,952
32,272	-	32,272
<u>32,297</u>	<u>-</u>	<u>45,224</u>
32,297	-	32,297
<u>32,297</u>	<u>-</u>	<u>32,297</u>
-	148,269	1,740,191
(32,297)	-	(32,297)
<u>(32,297)</u>	<u>148,269</u>	<u>1,707,894</u>
<u>\$ 32,297</u>	<u>\$ 148,269</u>	<u>\$ 1,785,415</u>

**City of Lindsay**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2021**

	Special Revenue				
	Special	Community	Gas Tax	Park	
	Assessment Districts			Development	Improvement
<b>REVENUES:</b>					
Other taxes	\$ 64,256	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	2,600	-
Intergovernmental	-	-	682,657	-	-
Fees and fines	-	-	-	-	205
Interest revenue	-	4,138	2,462	32	18
<b>Total revenues</b>	<u>64,256</u>	<u>4,138</u>	<u>685,119</u>	<u>2,632</u>	<u>223</u>
<b>EXPENDITURES:</b>					
Current:					
General government	47,025	-	-	-	-
Parks and recreation	-	-	-	51	-
Streets and transportation	-	-	276,142	-	-
Community development	-	-	-	-	-
Capital outlay	-	-	8,207	-	-
<b>Total expenditures</b>	<u>47,025</u>	<u>-</u>	<u>284,349</u>	<u>51</u>	<u>-</u>
<b>Net change in fund balances</b>	17,231	4,138	400,770	2,581	223
<b>FUND BALANCES (DEFICITS):</b>					
Beginning of year, as restated	73,857	68,263	915,895	101,739	7,225
End of year	<u>\$ 91,088</u>	<u>\$ 72,401</u>	<u>\$ 1,316,665</u>	<u>\$ 104,320</u>	<u>\$ 7,448</u>



Special Revenue	Capital Projects	Total Non-Major Governmental Funds
State Parks	Curb and Gutter	
\$ -	\$ -	\$ 64,256
-	-	2,600
-	-	682,657
-	-	205
-	32	6,682
-	95,043	851,411
-	-	47,025
-	-	51
-	-	276,142
32,297	-	32,297
-	-	8,207
32,297	-	363,722
(32,297)	95,043	487,689
-	53,226	1,220,205
\$ (32,297)	\$ 148,269	\$ 1,707,894