The seal of the City of Lindsay, California, is a circular emblem. It features a central illustration of a large, classical-style building with a central archway and a portico, set against a backdrop of rolling hills and palm trees. The building is flanked by two palm trees. The entire scene is enclosed within a circular border. The outer ring of the seal contains the text "CITY OF LINDSAY" at the top and "CALIFORNIA" at the bottom, separated by decorative elements of oranges and leaves. At the bottom of the inner circle, the text "EST. 1910" is visible.

City of Lindsay  
Annual Financial Report  
*Fiscal Year 2021 – 2022*

**CITY OF LINDSAY**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2022**

**CITY OF LINDSAY  
ANNUAL FINANCIAL REPORT  
June 30, 2022**

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**CITY OF LINDSAY  
ANNUAL FINANCIAL REPORT  
June 30, 2022**

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## **FINANCIAL SECTION**



# MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

## **PARTNERS**

CRAIG A HARTZHEIM, CPA  
HADLEY Y HUI, CPA  
ALEXANDER C HOM, CPA  
ADAM V GUISE, CPA  
TRAVIS J HOLE, CPA  
WILSON LAM, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES  
9465 WILSHIRE BLVD., 3<sup>RD</sup> FLOOR  
BEVERLY HILLS, CA 90212  
TEL: 310.670.2745  
FAX: 310.670.1689  
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES  
5800 HANNUM AVENUE, SUITE E  
CULVER CITY, CA 90230  
TEL: 310.670.2745  
FAX: 310.670.1689  
www.mlhcpas.com

## **Independent Auditor's Report**

Honorable Mayor and City Council  
City of Lindsay  
Lindsay, California

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lindsay, California (City) as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Substantial Doubt about the City's Ability to Continue as a Going Concern**

The accompanying financial statements have been prepared assuming that the City will continue as a going concern. As discussed in Note 17 to the basic 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 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 fund. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 17. The basic 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.

### **Change in Accounting Principle**

As discussed in Note 1 of the notes to the basic financial statements, effective July 1, 2021, the City adopted the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that, the budgetary comparison schedules on pages 67 through 69, Schedule of the City's Proportionate Share of the Net Pension Liability, Schedule of Pension Contributions, the Schedule of Changes in the Net OPEB Liability and Related Ratios, Schedule of OPEB Contributions on pages 70 through 73, be presented to supplement the 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 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 financial statements, and other knowledge we obtained during our audit of the 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.



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


**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s financial statements as a whole. The combining nonmajor fund’s financial statements are presented for the purpose of additional analysis and are not required parts of the financial statements.

The combining nonmajor fund’s financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2023 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.



Moss, Levy & Hartzheim, LLP  
Culver City, California  
September 22, 2023

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**CITY OF LINDSAY**  
**STATEMENT OF NET POSITION**  
**June 30, 2022**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 11,033,042	\$ 1,625,635	\$ 12,658,677
Accounts receivable	326,359	508,224	834,583
Loans and notes receivable	61,729	-	61,729
Interest receivable	16,655	2,233	18,888
Intergovernmental receivable	1,903,918	81,556	1,985,474
Lease receivable	-	1,080,686	1,080,686
Internal balances	(4,578,072)	4,578,072	-
Total Current Assets	<u>8,763,631</u>	<u>7,876,406</u>	<u>16,640,037</u>
Non-current Assets:			
Right to use leased assets, net	-	685,767	685,767
Capital assets:			
Not being depreciated	4,339,098	464,868	4,803,966
Being depreciated, net of accumulated depreciation	40,591,948	24,427,634	65,019,582
Total Non-current Assets	<u>44,931,046</u>	<u>25,578,269</u>	<u>70,509,315</u>
Total Assets	<u>53,694,677</u>	<u>33,454,675</u>	<u>87,149,352</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related	1,704,977	480,892	2,185,869
OPEB related	206,666	88,243	294,909
Total Deferred Outflows of Resources	<u>1,911,643</u>	<u>569,135</u>	<u>2,480,778</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	428,400	121,062	549,462
Accrued wages	225,224	86,190	311,414
Accrued interest	45,429	151,746	197,175
Deposits payable	275	8,920	9,195
Lease liabilities - current	-	8,395	8,395
Compensated absences - current	220,348	60,501	280,849
Bonds and other long-term debt - current	515,924	307,103	823,027
Total Current Liabilities	<u>1,435,600</u>	<u>743,917</u>	<u>2,179,517</u>
Non-current Liabilities			
Lease liabilities	-	685,541	685,541
Compensated absences	88,913	24,414	113,327
Bonds payable	671,301	10,295,170	10,966,471
COPS payable	955,054	-	955,054
Settlement payable	4,288,981	-	4,288,981
Capital lease payable	401,570	-	401,570
OPEB	1,400,476	597,972	1,998,448
Net pension liability	4,634,893	1,307,278	5,942,171
Total Non-current Liabilities	<u>12,441,188</u>	<u>12,910,375</u>	<u>25,351,563</u>
Total Liabilities	<u>13,876,788</u>	<u>13,654,292</u>	<u>27,531,080</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Leases	-	1,053,042	1,053,042
OPEB related	238,838	101,977	340,815
Pension related	3,998,605	1,127,813	5,126,418
Total Deferred Inflows of Resources	<u>4,237,443</u>	<u>2,282,832</u>	<u>6,520,275</u>
<b>NET POSITION</b>			
Net investment in capital assets	42,224,150	14,309,704	56,533,854
Restricted for:			
Parks and recreation	99,535	-	99,535
Community services	80,832	-	80,832
Streets and roads	8,835,926	-	8,835,926
Unrestricted	(13,748,354)	3,776,982	(9,971,372)
Total Net Position	<u>\$ 37,492,089</u>	<u>\$ 18,086,686</u>	<u>\$ 55,578,775</u>

See Accompanying Notes to Basic Financial Statements

**CITY OF LINDSAY**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General government	\$ 2,044,284	\$ 118,722	\$ 2,473,728	\$ -
Public safety	3,506,984	81,586	2,193	-
Parks and recreation	248,630	51,550	479	-
Public works	777,757	393,926	-	3,543
Streets and roads	1,454,987	-	1,616,179	878,312
Community development	98,782	-	8,431	-
Interest and fiscal charges	106,670	-	-	-
Unallocated depreciation	1,534,256	-	-	-
<b>Total Governmental Activities</b>	<b>9,772,350</b>	<b>645,784</b>	<b>4,101,010</b>	<b>881,855</b>
<b>Business-type Activities:</b>				
Water	2,176,447	1,864,642	-	-
Sewer	1,428,947	1,632,083	-	-
Refuse	997,471	892,538	-	-
Wellness Center	1,225,614	462,790	-	285,000
<b>Total Business-type Activities</b>	<b>5,828,479</b>	<b>4,852,053</b>	<b>-</b>	<b>285,000</b>
<b>Total Primary Government</b>	<b>\$ 15,600,829</b>	<b>\$ 5,497,837</b>	<b>\$ 4,101,010</b>	<b>\$ 1,166,855</b>

**General Revenues:**

Taxes:

Property taxes

Sales taxes

Measure O taxes

Utilities users' taxes

Other taxes

Use of money and property

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Fiscal Year

Prior Period Adjustments

Net Position - Beginning of Fiscal Year, Restated

Net Position - End of Fiscal Year

Net (Expenses) Revenues  
and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ 548,166	\$ -	\$ 548,166
(3,423,205)	-	(3,423,205)
(196,601)	-	(196,601)
(380,288)	-	(380,288)
1,039,504	-	1,039,504
(90,351)	-	(90,351)
(106,670)	-	(106,670)
(1,534,256)	-	(1,534,256)
<u>(4,143,701)</u>	<u>-</u>	<u>(4,143,701)</u>
-	(311,805)	(311,805)
-	203,136	203,136
-	(104,933)	(104,933)
<u>-</u>	<u>(477,824)</u>	<u>(477,824)</u>
<u>-</u>	<u>(691,426)</u>	<u>(691,426)</u>
<u>(4,143,701)</u>	<u>(691,426)</u>	<u>(4,835,127)</u>
391,653	-	391,653
1,568,150	-	1,568,150
1,689,595	-	1,689,595
996,296	-	996,296
2,181,224	-	2,181,224
(63,020)	(15,626)	(78,646)
453,098	-	453,098
<u>(210,534)</u>	<u>210,534</u>	<u>-</u>
<u>7,006,462</u>	<u>194,908</u>	<u>7,201,370</u>
<u>2,862,761</u>	<u>(496,518)</u>	<u>2,366,243</u>
34,721,997	18,560,316	53,282,313
<u>(92,669)</u>	<u>22,888</u>	<u>(69,781)</u>
<u>34,629,328</u>	<u>18,583,204</u>	<u>53,212,532</u>
<u>\$ 37,492,089</u>	<u>\$ 18,086,686</u>	<u>\$ 55,578,775</u>

**CITY OF LINDSAY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2022**

	General	Special Revenue Fund		Nonmajor Governmental Funds	Total Governmental Funds
		Street Improvement Fund	Local Transportation Fund		
<b>ASSETS:</b>					
Cash and investments	\$ 4,657,332	\$ 1,886,203	\$ 2,867,703	\$ 1,621,804	\$ 11,033,042
Receivables:					
Accounts and taxes	295,348	30,782	-	229	326,359
Interest	9,640	2,628	3,216	1,171	16,655
Intergovernmental	760,368	12,481	866,739	264,330	1,903,918
Due from other funds	301,032	-	-	-	301,032
Advance to other funds	-	1,557,120	-	125,000	1,682,120
Loans and notes receivable	-	-	-	61,729	61,729
<b>Total Assets</b>	<b>\$ 6,023,720</b>	<b>\$ 3,489,214</b>	<b>\$ 3,737,658</b>	<b>\$ 2,074,263</b>	<b>\$ 15,324,855</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 351,160	\$ 20,084	\$ -	\$ 57,156	\$ 428,400
Accrued wages	213,084	-	4,652	7,488	225,224
Deposits payable	275	-	-	-	275
Due to other funds	-	-	-	228,919	228,919
Advance from other funds	6,332,305	-	-	-	6,332,305
<b>Total Liabilities</b>	<b>6,896,824</b>	<b>20,084</b>	<b>4,652</b>	<b>293,563</b>	<b>7,215,123</b>
Deferred inflows of resources:					
Unavailable revenue	433,334	-	-	195,462	628,796
<b>Total deferred inflows of resources</b>	<b>433,334</b>	<b>-</b>	<b>-</b>	<b>195,462</b>	<b>628,796</b>
Fund balances					
Restricted	-	3,469,130	3,733,006	1,814,157	9,016,293
Unassigned	(1,306,438)	-	-	(228,919)	(1,535,357)
<b>Total Fund Balances</b>	<b>(1,306,438)</b>	<b>3,469,130</b>	<b>3,733,006</b>	<b>1,585,238</b>	<b>7,480,936</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 6,023,720</b>	<b>\$ 3,489,214</b>	<b>\$ 3,737,658</b>	<b>\$ 2,074,263</b>	<b>\$ 15,324,855</b>

**CITY OF LINDSAY**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2022**

Fund balances for governmental funds \$ 7,480,936

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

Capital assets used in Governmental Activities are not current resources and, therefore, are not reported in the Governmental Funds Balance Sheet.

Capital assets	\$81,135,590	
Less: accumulated depreciation	<u>(36,204,544)</u>	44,931,046

Long-term debt liabilities, including bonds payable and interest payable, are not due and payable in the current period and therefore are not reported in the funds.

Compensated absences	(309,261)	
Revenue bonds payable	(825,000)	
COPS	(1,067,303)	
Settlement payable	(4,480,624)	
Capital leases payable	(472,083)	
Net pension liability	(4,634,893)	
Interest payable	(45,429)	
OPEB liability	<u>(1,400,476)</u>	(13,235,069)

In governmental funds, bond discounts are recognized as other financing sources in the period they are incurred. In the government-wide statements, bond discounts are amortized over the life of the debt. 12,180

Intergovernmental receivables which are not financial resources but are revenues under the full accrual method. 628,796

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions	1,704,977	
Deferred inflows of resources relating to pensions	<u>(3,998,605)</u>	(2,293,628)

Deferred outflows and inflows of resources relating to OPEB: In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net OPEB, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred inflows of resources relating to OPEB	(238,838)	
Deferred outflows of resources relating to OPEB	<u>206,666</u>	<u>(32,172)</u>

Net position of governmental activities \$ 37,492,089

**CITY OF LINDSAY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2022**

	General	Special Revenue Fund		Nonmajor Governmental Funds	Total Governmental Funds
		Street Improvement Fund	Local Transportation Fund		
<b>REVENUES</b>					
Property taxes	\$ 391,653	\$ -	\$ -	\$ -	\$ 391,653
Sales taxes	1,568,150	-	-	-	1,568,150
Measure O taxes	1,689,595	-	-	-	1,689,595
Utilities users' taxes	996,296	-	-	-	996,296
Other taxes	2,181,224	-	-	72,628	2,253,852
Street improvement program	-	833,070	-	-	833,070
Intergovernmental	1,806,794	-	1,126,840	572,145	3,505,779
Fines and forfeitures	184,384	-	-	-	184,384
License and permits	585,683	-	-	36,250	621,933
Use of money and property	(63,020)	(17,143)	(15,283)	(1,906)	(97,352)
Charges for services	23,937	-	-	-	23,937
Other, donations, and reimbursements	268,714	-	-	9,135	277,849
<b>Total Revenues</b>	<b>9,633,410</b>	<b>815,927</b>	<b>1,111,557</b>	<b>688,252</b>	<b>12,249,146</b>
<b>EXPENDITURES</b>					
Current:					
General government	1,304,688	-	-	78,522	1,383,210
Public safety	3,506,984	-	-	-	3,506,984
Park and recreation	207,565	-	-	41,065	248,630
Public works	777,757	-	-	-	777,757
Streets and roads	763,683	20,084	78,746	280,107	1,142,620
Community development	97,173	-	-	1,609	98,782
Capital outlay	1,788,103	-	177,442	35,473	2,001,018
Debt service:					
Principal retirement	357,780	49,861	86,182	-	493,823
Interest and fiscal charges	68,369	-	34,186	-	102,555
<b>Total Expenditures</b>	<b>8,872,102</b>	<b>69,945</b>	<b>376,556</b>	<b>436,776</b>	<b>9,755,379</b>
Excess of Revenues over (under) Expenditures	761,308	745,982	735,001	251,476	2,493,767
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	728,602	-	-	-	728,602
Transfers out	(329,407)	(328,266)	-	(281,463)	(939,136)
<b>Total Other Financing Sources (Uses)</b>	<b>399,195</b>	<b>(328,266)</b>	<b>-</b>	<b>(281,463)</b>	<b>(210,534)</b>
<b>Net Change in Fund Balances</b>	<b>1,160,503</b>	<b>417,716</b>	<b>735,001</b>	<b>(29,987)</b>	<b>2,283,233</b>
Fund Balances (deficit), Beginning of Fiscal Year	(2,466,941)	3,051,414	2,998,005	1,707,894	5,290,372
Prior Period Adjustments	-	-	-	(92,669)	(92,669)
Fund Balances (deficit), Beginning of Fiscal Year (restated)	(2,466,941)	3,051,414	2,998,005	1,615,225	5,197,703
<b>Fund Balances, End of Fiscal Year</b>	<b>\$ (1,306,438)</b>	<b>\$ 3,469,130</b>	<b>\$ 3,733,006</b>	<b>\$ 1,585,238</b>	<b>\$ 7,480,936</b>

See Accompanying Notes to Basic Financial Statements



**CITY OF LINDSAY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2022**

Net change in fund balances - total governmental funds \$ 2,283,233

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeded depreciation in the current period as follows:

Capital outlay	\$ 1,688,651	
Depreciation	<u>(1,534,256)</u>	154,395

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. 493,823

Interest is not accrued in the governmental funds. However, it is to be accrued in the statement of activities. This is the net change. (634)

Other postemployment benefits reported in the governmental funds includes cash payments made into the trust fund and payments on behalf of retirees. In the Statement of Activities, OPEB expense includes the change in the net OPEB liability, and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources. (21,122)

In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, the difference between compensated absences paid and compensated absences earned was: (43,486)

Amortization of bond discounts is not an expense of the governmental funds, but under the full accrual method is a component of interest expense. (3,481)

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis pension costs and actual employer contributions was: (596,466)

Some revenues reported in the Statement of Activities are not considered available to finance current expenditures and therefore are not reported as revenues in the governmental funds. 596,499

Change in net position of governmental activities \$ 2,862,761

**CITY OF LINDSAY**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2022**

	Enterprise Funds		
	Water Fund	Sewer Fund	Refuse Fund
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 34,720	\$ 1,399,725	\$ 191,190
Receivables:			
Accounts and taxes	258,030	100,987	49,626
Interest	2	1,900	331
Intergovernmental	27,671	35,475	18,410
Leases	-	-	-
Total Current Assets	<u>320,423</u>	<u>1,538,087</u>	<u>259,557</u>
Noncurrent Assets:			
Advance to other funds	1,906,797	2,341,466	401,922
Right to use leased assets, net	-	685,767	-
Capital assets			
Land	68,377	202,967	-
Construction in progress	12,198	-	-
Buildings and improvements	5,104,547	6,800,531	-
Infrastructure	10,321,559	12,912,313	-
Equipment	122,908	302,437	-
Less accumulated depreciation	<u>(7,308,247)</u>	<u>(11,205,141)</u>	<u>-</u>
Total Noncurrent Assets	<u>10,228,139</u>	<u>12,040,340</u>	<u>401,922</u>
Total Assets	<u>10,548,562</u>	<u>13,578,427</u>	<u>661,479</u>
Deferred Outflows of Resources:			
OPEB related	32,544	24,705	8,408
Pension related	<u>240,446</u>	<u>87,435</u>	<u>65,576</u>
Total deferred outflows of resources	<u>272,990</u>	<u>112,140</u>	<u>73,984</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	59,768	35,972	70
Accrued wages	33,485	19,746	6,080
Accrued interest	31,279	82,550	-
Deposits payable	8,920	-	-
Due to other funds	-	-	-
Lease liabilities - current	-	8,395	-
Compensated absences - current	24,095	15,462	5,531
Bonds and other long-term debt - current	<u>61,394</u>	<u>192,420</u>	<u>-</u>
Total Current Liabilities	<u>218,941</u>	<u>354,545</u>	<u>11,681</u>
Noncurrent Liabilities			
Lease liabilities	-	685,541	-
Compensated absences	9,723	6,239	2,232
Bonds and other long-term debt	1,431,517	7,079,305	-
OPEB	220,531	167,410	56,980
Net pension liability	<u>653,639</u>	<u>237,687</u>	<u>178,265</u>
Total Noncurrent Liabilities	<u>2,315,410</u>	<u>8,176,182</u>	<u>237,477</u>
Total Liabilities	<u>2,534,351</u>	<u>8,530,727</u>	<u>249,158</u>
Deferred Inflows of Resources:			
Leases	-	-	-
OPEB related	37,609	28,550	9,717
Pension related	<u>563,906</u>	<u>205,057</u>	<u>153,793</u>
Total deferred inflows of resources	<u>601,515</u>	<u>233,607</u>	<u>163,510</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,828,431	1,733,213	-
Unrestricted	<u>857,255</u>	<u>3,193,020</u>	<u>322,795</u>
Total Net Position	<u>\$ 7,685,686</u>	<u>\$ 4,926,233</u>	<u>\$ 322,795</u>

See Accompanying Notes to Basic Financial Statements

Wellness Center Fund	Totals
\$ -	\$ 1,625,635
99,581	508,224
-	2,233
-	81,556
1,080,686	1,080,686
<u>1,180,267</u>	<u>3,298,334</u>
-	4,650,185
-	685,767
181,326	452,670
-	12,198
9,456,043	21,361,121
-	23,233,872
48,571	473,916
<u>(2,127,887)</u>	<u>(20,641,275)</u>
<u>7,558,053</u>	<u>30,228,454</u>
<u>8,738,320</u>	<u>33,526,788</u>
22,586	88,243
<u>87,435</u>	<u>480,892</u>
<u>110,021</u>	<u>569,135</u>
25,252	121,062
26,879	86,190
37,917	151,746
-	8,920
72,113	72,113
-	8,395
15,413	60,501
<u>53,289</u>	<u>307,103</u>
<u>230,863</u>	<u>816,030</u>
-	685,541
6,220	24,414
1,784,348	10,295,170
153,051	597,972
<u>237,687</u>	<u>1,307,278</u>
<u>2,181,306</u>	<u>12,910,375</u>
<u>2,412,169</u>	<u>13,726,405</u>
1,053,042	1,053,042
26,101	101,977
205,057	1,127,813
<u>1,284,200</u>	<u>2,282,832</u>
5,748,060	14,309,704
<u>(596,088)</u>	<u>3,776,982</u>
<u>\$ 5,151,972</u>	<u>\$ 18,086,686</u>

**CITY OF LINDSAY  
STATEMENT OF REVENUES,  
EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2022**

	Enterprise Funds		
	Water Fund	Sewer Fund	Refuse Fund
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,862,197	\$ 1,631,448	\$ 867,721
Intergovernmental	-	-	-
Other operating revenues	2,445	635	24,817
Total Operating Revenues	<u>1,864,642</u>	<u>1,632,083</u>	<u>892,538</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	721,613	227,128	301,468
Maintenance and operations	1,094,659	578,737	696,003
Amortization	-	18,576	-
Depreciation	300,604	425,383	-
Total Operating Expenses	<u>2,116,876</u>	<u>1,249,824</u>	<u>997,471</u>
Operating Income (loss)	<u>(252,234)</u>	<u>382,259</u>	<u>(104,933)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income (loss)	84	(12,969)	(2,759)
Interest expense	(59,571)	(179,123)	-
Total Non-operating Revenue (Expenses)	<u>(59,487)</u>	<u>(192,092)</u>	<u>(2,759)</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(311,721)</u>	<u>190,167</u>	<u>(107,692)</u>
<b>TRANSFERS</b>			
Transfers in	99,647	-	-
Transfers out	(516)	(116,366)	-
Total Transfers	<u>99,131</u>	<u>(116,366)</u>	<u>-</u>
Change in Net Position	<u>(212,590)</u>	<u>73,801</u>	<u>(107,692)</u>
Net Position, Beginning of Fiscal Year	7,785,756	4,916,165	456,386
Prior Period Adjustments	<u>112,520</u>	<u>(63,733)</u>	<u>(25,899)</u>
Net Position, Beginning of Fiscal Year, restated	<u>7,898,276</u>	<u>4,852,432</u>	<u>430,487</u>
Net Position, End of Fiscal Year	<u>\$ 7,685,686</u>	<u>\$ 4,926,233</u>	<u>\$ 322,795</u>

<u>Wellness Center Fund</u>	<u>Totals</u>
\$ 410,021	\$ 4,771,387
285,000	285,000
<u>52,769</u>	<u>80,666</u>
<u>747,790</u>	<u>5,137,053</u>
399,990	1,650,199
547,857	2,917,256
-	18,576
<u>197,797</u>	<u>923,784</u>
<u>1,145,644</u>	<u>5,509,815</u>
<u>(397,854)</u>	<u>(372,762)</u>
18	(15,626)
<u>(79,970)</u>	<u>(318,664)</u>
<u>(79,952)</u>	<u>(334,290)</u>
<u>(477,806)</u>	<u>(707,052)</u>
227,769	327,416
<u>-</u>	<u>(116,882)</u>
<u>227,769</u>	<u>210,534</u>
<u>(250,037)</u>	<u>(496,518)</u>
5,402,009	18,560,316
<u>-</u>	<u>22,888</u>
<u>5,402,009</u>	<u>18,583,204</u>
<u>\$ 5,151,972</u>	<u>\$ 18,086,686</u>

**CITY OF LINDSAY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2022**

	Enterprise Funds		
	Water Fund	Sewer Fund	Refuse Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 1,758,871	1,724,140	954,746
Receipts from other operating activities	2,445	635	24,817
Payments to suppliers	(1,037,155)	(542,765)	(915,091)
Payments to employees	(650,338)	(328,546)	(116,882)
Net Cash Provided (Used) by Operating Activities	<u>73,823</u>	<u>853,464</u>	<u>(52,410)</u>
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interfund borrowing	(40,773)	-	-
Transfers in	99,647	-	-
Transfers out	(516)	(116,366)	-
Net Cash Provided for (Used by) Non-Capital and Related Financing Activities	<u>58,358</u>	<u>(116,366)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal payments on lease liabilities	-	(10,407)	-
Interest payments on lease liabilities	-	(25,593)	-
Principal payments on debt	(59,462)	(186,255)	-
Interest paid	(57,699)	(156,871)	-
Acquisition and construction of capital assets	(12,942)	(36,255)	-
Net Cash Used by Capital and Related Financing Activities	<u>(130,103)</u>	<u>(415,381)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income (loss)	82	(14,869)	(3,090)
Net Cash Provided (Used) by Investing Activities	<u>82</u>	<u>(14,869)</u>	<u>(3,090)</u>
Increase (Decrease) in cash and cash equivalents	2,160	306,848	(55,500)
Cash and Cash Equivalents, Beginning of Fiscal Year	32,560	1,092,877	246,690
Cash and Cash Equivalents, End of Fiscal Year	<u>\$ 34,720</u>	<u>\$ 1,399,725</u>	<u>\$ 191,190</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>			
Cash and investments	\$ 34,720	\$ 1,399,725	\$ 191,190
Total Cash and Cash Equivalents	<u>\$ 34,720</u>	<u>\$ 1,399,725</u>	<u>\$ 191,190</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (252,234)	\$ 382,259	\$ (104,933)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	300,604	443,959	
Changes in assets and liabilities:			
(Increase) decrease in accounts receivables	(75,655)	128,167	105,435
(Increase) decrease in accounts receivables - Intergovernmental	(27,671)	(35,475)	(18,410)
(Increase) decrease in lease receivables	-	-	-
(Increase) decrease in deferred outflows of resources - OPEB related	(23,847)	1,204	793
(Increase) decrease in deferred outflows of resources - pension related	(27,816)	32,921	(39,421)
Increase (decrease) in accounts payable	59,768	35,972	(219,088)
Increase (decrease) in accrued wages	7,149	5,292	2,162
Increase (decrease) in deposits payable	(2,264)	-	-
Increase (decrease) in OPEB	(16,939)	24,530	17,536
Increase (decrease) in net pension liability	(422,002)	(371,160)	45,953
Increase (decrease) in compensated absences	6,508	3,464	1,352
Increase (decrease) in deferred inflows of resources - leases	-	-	-
Increase (decrease) in deferred inflows of resources - OPEB related	33,131	24,905	8,423
Increase (decrease) in deferred inflows of resources - pension related	515,091	177,426	147,788
Net Cash Provided (Used) by Operating Activities	<u>\$ 73,823</u>	<u>\$ 853,464</u>	<u>\$ (52,410)</u>

Wellness Center Fund	Totals
591,003	\$ 5,028,760
52,769	80,666
(522,605)	(3,017,616)
(342,237)	(1,438,003)
(221,070)	653,807
72,113	31,340
227,769	327,416
-	(116,882)
299,882	241,874
-	(10,407)
-	(25,593)
(51,117)	(296,834)
(81,103)	(295,673)
-	(49,197)
(132,220)	(677,704)
18	(17,859)
18	(17,859)
(53,390)	200,118
53,390	1,425,517
\$ -	\$ 1,625,635
\$ -	\$ 1,625,635
\$ -	\$ 1,625,635
\$ (397,854)	\$ (372,762)
197,797	942,360
(76,374)	81,573
-	(81,556)
(1,080,686)	(1,080,686)
(10,539)	(32,389)
2,837	(31,479)
25,252	(98,096)
3,286	17,889
-	(2,264)
68,102	93,229
(218,973)	(966,182)
4,298	15,622
1,053,042	1,053,042
24,409	90,868
184,333	1,024,638
\$ (221,070)	\$ 653,807
\$ (221,070)	\$ 653,807

**CITY OF LINDSAY  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
June 30, 2022**

	Private-Purpose Trust Fund	Custodial Fund
<b>ASSETS</b>		
Cash and investments	\$ 744,528	\$ 25,095
Receivables:		
Interest	15	1
Loans and notes receivable	846,729	11,064,506
Total Assets	1,591,272	11,089,602
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 165,735
Accrued wages	754	4,481
Accrued interest	168,586	-
Noncurrent liabilities		
Due within one year	485,000	-
Due in more than one year	10,060,000	-
Total Liabilities	10,714,340	170,216
Deferred inflows of resources:		
Deferred gain on debt refunding	171,352	-
Total deferred inflows of resources	171,352	-
<b>NET POSITION</b>		
Net position held in trust	\$ (9,294,420)	\$ 10,919,386

See Accompanying Notes to Basic Financial Statements



**CITY OF LINDSAY**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Fiscal Year Ended June 30, 2022**

	Private-Purpose Trust Fund	Custodial Fund
<b>Additions</b>		
Property taxes	\$ 907,711	\$ -
Use of money and property	-	54,627
Other	6,609	3,665
Total Revenues	914,320	58,292
<b>Deductions</b>		
Administrative expenses	21,717	-
Interest expense	309,638	-
Program income disbursement to HCD	-	1,626,593
Total Deductions	331,355	1,626,593
Change in Net Position	582,965	(1,568,301)
Net Position, beginning	(9,911,795)	12,328,954
Prior period adjustments	34,410	158,733
Net Position, beginning, restated	(9,877,385)	12,487,687
Net Position, ending	\$ (9,294,420)	\$ 10,919,386

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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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.

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

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

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

**Government-Wide Financial Statements, Continued**

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

**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.

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 fiscal 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.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

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

**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.

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. The funds accounts for the activities of the Redevelopment Agency Successor Agency.

*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**  
**June 30, 2022**

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

***C. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position, or Equity***

**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, 2022, 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
  - o Overall
  - o Custodial Credit Risk
  - o 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 fiscal year-end, and other disclosures.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

**C. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position, or Equity (Continued)**

**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.

**Interfund Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as interfund receivables/interfund payables (i.e., the current portion of interfund loans) or advances to/from other funds (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as interfund receivables or interfund payables.

**Lease Receivable**

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.



**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

**C. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position, or Equity (Continued)**

**Prepays**

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.

**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	Year
Buildings and improvements	50
Public domain infrastructure	50
System infrastructure	30
Vehicle	5
Office equipment	5
Computer equipment	5

**Right to Use Assets**

The City has recorded right to use lease assets as a result of implementing GASB Statement No. 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

**C. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position, or Equity (Continued)**

**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.

**Pensions**

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

**Other Postemployment Benefits (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, 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: June 30, 2022 Valuation Date, June 30, 2022 Measurement Date, July 1, 2021 through June 30, 2022 Measurement Period. Investments are reported at fair value.

**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.

**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**  
**June 30, 2022**

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

***C. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position, or Equity (Continued)***

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and balance sheet of governmental funds 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 and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has three types of items that qualify for reporting in this category. The first item is the deferred gain on debt refunding which is reported in the fiduciary funds statement of net position. A deferred gain on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is the deferred assets of the City's pension plans investments as determined by California Public Employees' Retirement System (CalPERS) in accordance with GASB Statement No. 68, which is reported in the government-wide statement of net position and the proprietary fund statement of net position. The third item is the deferred inflows/outflows associated with the City's OPEB plan in accordance with GASB Statement No. 75, which is reported in the government-wide statement of net position. Please see the accompanying Notes 10 and 12 to the financial statements for more details on these amounts.

In addition to liabilities, the statement of net position and balance sheet of governmental funds 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 and so will not be recognized as an inflow of resources (revenue) until that time. The City has several items that meet the criterion for this category - property taxes receivable, leases, and pension and OPEB deferrals.

Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. Revenue must also be susceptible to accrual; it must be both measurable and available to finance expenditures of the current fiscal period. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources. This type of deferred inflow is unique to governmental funds, since it is tied to the modified accrual basis of accounting, which is used only in connection with governmental funds.

***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 fiscal 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.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

**C. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position, or Equity (Continued)**

**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.

**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.

**Net Position**

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

In the government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements, net position is reported in three categories: net investment in capital assets, restricted, and unrestricted. Net position that is net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position represents the portion of net position that has external constraints placed on it by parties outside of the City, such as creditors, grantors, contributors, or laws and regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

***C. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position, or Equity (Continued)***

**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.

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, 2022, the City had a deficit fund balance in its General Fund.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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

***C. Assets, Deferred Outflows, Liabilities, Deferred Inflows, Net Position, or Equity (Continued)***

**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.

**New Accounting Pronouncements**

**Governmental Accounting Standard Board Statement No. 87 “Leases”**

GASB issued Statement No. 87, “Leases” to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease asset and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The City implemented GASB No. 87 “Leases” as of July 1, 2021, resulting in the recognition of a lease receivable of \$1,162,460, a deferred inflow lease receivable of \$1,162,460, right to use leased assets of \$704,343, and a lease liability of \$704,343. There was no impact upon net position. The City has elected not to restate the prior period financial statements.

**Future Accounting Pronouncements**

The City will implement the following GASB pronouncements in future fiscal years:

The provisions of Statement Number 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” are effective for fiscal years beginning after June 15, 2022.

The provisions of Statement Number 96 “Subscription-Based Information Technology Arrangements” are effective for fiscal years beginning after June 15, 2022.

The provisions of Statement Number 99 “Omnibus 2022” are effective for fiscal years beginning after June 15, 2023.

The provisions of Statement Number 100 “Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62” are effective for fiscal years beginning after June 15, 2023.

The provisions of Statement No. 101 “Compensated Absences” are effective for fiscal years beginning after December 15, 2023.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Control and Accounting**

The City Council is required to adopt an annual budget resolution by July 1st 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 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.

**Excess Expenditures over Appropriations**

Excess of expenditures over appropriations in individual funds are as follows:

	Final Budget	Expenditures	Excess
Major Fund:			
General fund:			
Current:			
General government	\$ 971,111	\$ 1,304,688	\$ 333,577
Public safety	3,168,100	3,506,984	338,884
Public works	540,058	777,757	237,699
Streets and roads	643,900	763,683	119,783
Community development	59,300	97,173	37,873
Capital outlay	1,757,383	1,788,103	30,720
Principal retirement	281,400	357,780	76,380

**Deficit Fund Balances**

The General Fund has a deficit fund balance of \$1,306,438, the City’s plan to address the deficit is described in Note 17.

The State parks special revenue fund has a deficit fund balance of \$228,919 that should be alleviated as reimbursement received from the State.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**3. CASH AND INVESTMENTS**

Cash and investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 12,658,677
Fiduciary funds:	
Cash and investments	<u>769,623</u>
Total cash and investments	<u><u>\$ 13,428,300</u></u>

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

Cash on hand	\$ 700
Deposits with financial institutions	5,171,280
Investments	<u>8,256,320</u>
Total cash and investments	<u><u>\$ 13,428,300</u></u>

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

**A. Investments Authorized by the California Government Code and the City’s Investment Policy**

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations	5 years	Unlimited	None
U.S. Government Agency Issues	5 years	Unlimited	None
Certificates of Deposits	5 years	25%	25%
State of California Local Agency Investment Fund (State Pool)	N/A	Unlimited	\$ 75,000,000
Rated Debt Security of State of California or California Local Agency	5 years	25%	25%

The investment policy allows for the above investments which have equal safety and liquidity as all other allowed investments. Maturity depends on the cash needs of the City.



**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**3. CASH AND INVESTMENTS (Continued)**

**B. Investments Authorized by Debt Agreements**

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Government Sponsored			
Enterprise Securities	None	None	None
Bankers Acceptances	180 days	40%	10%
Commercial Paper	270 days	25%	10%
Money Market Funds	N/A	None	None
Investment Contracts	30 years	None	None
Tulare County Pooled Fund	N/A	10%	None
State of California Local Agency			
Investment Fund (State Pool)	N/A	Unlimited	None

**C. Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City’s investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity:

Investment Type	Totals	Remaining maturity (in Months)			
		12 Months or Less	13 to 24 Months	25-60 Months	More Than 60 Months
Certificates of Deposit	\$ 2,444,561	\$ -	\$ 2,444,561	\$ -	\$ -
State Investment Pool	5,811,759	5,811,759	-	-	-
Total	\$ 8,256,320	\$ 5,811,759	\$ 2,444,561	\$ -	\$ -

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**3. CASH AND INVESTMENTS (Continued)**

**D. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations**

The City has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

**E. Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of Fiscal Year End			
			AAA	AA	A	Not Rated
Certificates of Deposit	\$ 2,444,561	N/A	\$ -	\$ -	\$ -	\$ 2,444,561
State Investment Pool	5,811,759	N/A	-	-	-	5,811,759
Total	<u>\$ 8,256,320</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,256,320</u>

**F. Concentration of Credit Risk**

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments. Since the City pooled all of its investments, there were no investments in any one issuer that represented 5% or more of total investments by reporting unit.

**G. Custodial Credit Risk**

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

As of June 30, 2022, all of the City's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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**3. CASH AND INVESTMENTS (Continued)**

H. Investment in State Investment Pool

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

I. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

The City has the following recurring fair value measurements as of June 30, 2022:

Investments by fair value	Totals	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 2,444,561	\$ -	\$ 2,444,561	\$ -

The City also had investments in LAIF, however, these investments are not required to be measured under Level 1, 2, or 3.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**4. INTERFUND TRANSACTIONS**

The following represents the interfund activity of the City for the fiscal year ended June 30, 2022:

A. Due To/ From Other Funds

Current interfund balances arise in the normal course of business and to assist funds with negative cash balance at the fiscal year end. They are expected to be repaid shortly after the end of the fiscal year.

The City allocates negative interest to funds that have a negative cash balance.

Fund	Interfund Receivables	Interfund Payables
Major governmental fund		
General fund	\$ 301,032	\$ -
Major enterprise fund		
Wellness center fund	-	72,113
Nonmajor governmental funds		
State park special revenue fund	-	228,919
Totals	\$ 301,032	\$ 301,032

B. Transfers

With council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has made expenditures on behalf of another fund.

Fund	Transfers-in	Transfers-out
Major governmental funds		
General fund	\$ 728,602	\$ 329,407
Street improvement fund	-	328,266
Major enterprise funds		
Water fund	99,647	516
Sewer fund	-	116,366
Wellness center fund	227,769	-
Nonmajor governmental funds		
Gas Tax special revenue fund	-	86,001
State park special revenue fund	-	195,462
Totals	\$ 1,056,018	\$ 1,056,018

**City of Lindsay**  
**Notes to Basic Financial Statements**  
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**4. INTERFUND TRANSACTIONS (Continued)**

C. Advances To/ From Other Funds

As of June 30, 2022, the City had the following advances to/from other funds.

Fund	Advance to other funds	Advance from other funds
Major governmental funds		
General fund	\$ -	\$ 6,332,305
Street improvement fund	1,557,120	-
Major enterprise funds		
Water fund	1,906,797	-
Sewer fund	2,341,466	-
Electric fund	401,922	-
Nonmajor governmental funds		
Park improvement special revenue fund	90,000	-
Curb and Gutter capital projects fund	35,000	-
Totals	<u>\$ 6,332,305</u>	<u>\$ 6,332,305</u>

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.

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.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**5. LOANS AND NOTES RECEIVABLE**

A. Notes Receivable

At June 30, 2022, the City’s loans and notes receivable consisted of the following:

	<u>Non-Major Governmental Funds</u>		<u>Fiduciary Funds</u>		<u>Total</u>
	<u>Community Development Fund</u>	<u>Curb and Gutter Fund</u>	<u>Private-Purpose Trust Fund</u>	<u>Custodial Fund</u>	
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.	57,960	-	846,729	11,064,506	11,969,195
	<u>\$ 57,960</u>	<u>\$ 3,769</u>	<u>\$ 846,729</u>	<u>\$ 11,064,506</u>	<u>\$ 11,972,964</u>

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 8(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**  
**June 30, 2022**

**6. CAPITAL ASSETS**

The City has reported all capital assets including infrastructure in the government-wide Statement of Net Position. The City elected to use the basic approach as defined by GASB Statement No. 34 for all infrastructure reporting, whereby depreciation expense and accumulated depreciation have been recorded.

A summary of changes in capital assets for the City's governmental activities for the fiscal year ended June 30, 2022 is as follows:

	<b>Balance at July 1, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2022</b>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,934,112	\$ -	\$ -	\$ 2,934,112
Construction in progress	-	1,404,986	-	1,404,986
Total capital assets, not being depreciated	<u>2,934,112</u>	<u>1,404,986</u>	<u>-</u>	<u>4,339,098</u>
Capital assets, being depreciated:				
Buildings	26,972,939	-	-	26,972,939
Infrastructure	43,566,752	63,210	-	43,629,962
Machinery and equipment	5,973,136	220,455	-	6,193,591
Total capital assets, being depreciated	<u>76,512,827</u>	<u>283,665</u>	<u>-</u>	<u>76,796,492</u>
Less accumulated depreciation for:				
Buildings	(7,080,849)	(539,890)	-	(7,620,739)
Infrastructure	(22,294,595)	(855,281)	-	(23,149,876)
Machinery and equipment	(5,294,844)	(139,085)	-	(5,433,929)
Total accumulated depreciation	<u>(34,670,288)</u>	<u>(1,534,256)</u>	<u>-</u>	<u>(36,204,544)</u>
Total capital assets, being depreciated, net	<u>41,842,539</u>	<u>(1,250,591)</u>	<u>-</u>	<u>40,591,948</u>
Governmental activities capital assets, net	<u>\$ 44,776,651</u>	<u>\$ 154,395</u>	<u>\$ -</u>	<u>\$ 44,931,046</u>

Depreciation was charged to functions/programs of the primary government as follows:

Governmental Activities	Amount
Unallocated	\$ 1,534,256

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**6. CAPITAL ASSETS (Continued)**

A summary of changes in capital assets for the City’s business-type activities for the fiscal year ended June 30, 2022 is as follows:

	<u>Balance at July 1, 2021</u>	<u>Prior period adjustment</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2022</u>
<b>Business-types activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 479,846	\$ (27,176)	\$ -	\$ -	\$ 452,670
Construction in progress	12,198	-	-	-	12,198
Total capital assets, not being depreciated	<u>492,044</u>	<u>(27,176)</u>	<u>-</u>	<u>-</u>	<u>464,868</u>
Capital assets, being depreciated:					
Buildings	20,536,861	-	-	-	20,536,861
Infrastructure	24,042,722	-	15,410	-	24,058,132
Machinery and equipment	440,129	-	33,787	-	473,916
Total capital assets, being depreciated	<u>45,019,712</u>	<u>-</u>	<u>49,197</u>	<u>-</u>	<u>45,068,909</u>
Less accumulated depreciation for:					
Buildings	(7,824,206)	-	(411,468)	-	(8,235,674)
Infrastructure	(11,611,309)	-	(459,250)	-	(12,070,559)
Machinery and equipment	(281,976)	-	(53,066)	-	(335,042)
Total accumulated depreciation	<u>(19,717,491)</u>	<u>-</u>	<u>(923,784)</u>	<u>-</u>	<u>(20,641,275)</u>
Total capital assets, being depreciated, net	<u>25,302,221</u>	<u>-</u>	<u>(874,587)</u>	<u>-</u>	<u>24,427,634</u>
Business-type activities capital assets, net	<u>\$ 25,794,265</u>	<u>\$ (27,176)</u>	<u>\$ (874,587)</u>	<u>\$ -</u>	<u>\$ 24,892,502</u>

Depreciation was charged to functions/programs of the primary government as follows:

<u>Business-type Activities</u>	<u>Amount</u>
Water	\$ 300,604
Sewer	425,383
Wellness Center	197,797
Total	<u>\$ 923,784</u>



**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**7. RIGHT TO USE LEASED ASSETS**

The City has recorded one right to use leased asset. The asset is right to use asset for leased equipment. The related lease is discussed in the Leases subsection of the Liabilities section of this note. The right to use lease asset is amortized on a straight-line basis over the term of the related lease.

Right to use asset activity for the Primary Government for the fiscal year ended June 30, 2022, was as follows:

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
Right to use assets				
Leased properties	\$ -	\$ 704,343	\$ -	\$ 704,343
Total right to use assets	<u>-</u>	<u>704,343</u>	<u>-</u>	<u>704,343</u>
Less accumulated amortization for:				
Leased properties	-	(18,576)	-	(18,576)
Total accumulated amortization	<u>-</u>	<u>(18,576)</u>	<u>-</u>	<u>(18,576)</u>
Right to use assets, net	<u>\$ -</u>	<u>\$ 685,767</u>	<u>\$ -</u>	<u>\$ 685,767</u>

**8. LONG-TERM DEBT**

A schedule of changes in long-term debt for the fiscal year ended June 30, 2022, is shown below.

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022	Due Within One Year
Governmental activities:					
Direct borrowings and direct placements					
Certificates of Participation (COP)					
2008 USDA RD Roads COP	\$ 802,786	\$ -	\$ (86,182)	\$ 716,604	\$ 89,844
2010 USDA RD Library COP	372,242	-	(21,543)	350,699	22,405
Capital leases payable	539,643	-	(67,560)	472,083	70,513
Total direct borrowings and direct placements	<u>1,714,671</u>	<u>-</u>	<u>(175,285)</u>	<u>1,539,386</u>	<u>182,762</u>
Other debt					
Bonds					
2012 Taxable Lease Revenue Refunding Bonds	965,000	-	(140,000)	825,000	145,000
Bond Issuance Discounts	(15,661)	-	3,481	(12,180)	(3,481)
Total bonds	<u>949,339</u>	<u>-</u>	<u>(136,519)</u>	<u>812,820</u>	<u>141,519</u>
TCTA settlement	629,066	-	(39,317)	589,749	52,422
Caltrans settlement	249,310	-	(49,861)	199,449	49,861
HCD settlement	3,780,786	-	(89,360)	3,691,426	89,360
Total other debt	<u>5,608,501</u>	<u>-</u>	<u>4,978,387</u>	<u>5,293,444</u>	<u>333,162</u>
Total governmental long-term debt	<u>\$ 7,323,172</u>	<u>\$ -</u>	<u>\$ 4,803,102</u>	<u>\$ 6,832,830</u>	<u>\$ 515,924</u>

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**8. LONG-TERM DEBT (Continued)**

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022	Due Within One Year
Business-type activities:					
Direct borrowings and direct placements					
Certificates of Participation (COP)					
2007 USDA RD Wellness Center COP	\$ 1,888,754	\$ -	\$ (51,117)	\$ 1,837,637	\$ 53,289
Bonds					
1999 USDA RD Wastewater Expansion	4,530,492	-	(176,229)	4,354,263	181,956
2000 USDA RD Water Line Project	1,552,373	-	(59,462)	1,492,911	61,394
2004 USDA RD Wastewater Project	356,507	-	(10,026)	346,481	10,464
Total direct borrowings and direct placements	8,328,126	-	(296,834)	8,031,292	307,103
Other debt					
Lindsay Olive Growers Pond Closure	2,570,981	-	-	2,570,981	-
Lease liabilities	-	704,343	(10,407)	693,936	8,395
Total other debt	2,570,981	704,343	(10,407)	3,264,917	8,395
Total business-type long-term debt	\$ 10,899,107	\$ 704,343	\$ (307,241)	\$ 11,296,209	\$ 315,498

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 fiscal year, commencing on July 1, 2013. As of June 30, 2022, the balance due was \$825,000. 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:

Fiscal Year	Principal	Interest	Total
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
Totals	\$ 825,000	\$ 159,802	\$ 984,802

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**8. 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, 2022, the balance of the COP was \$716,604.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 89,844	\$ 32,248	\$ 122,092
2024	93,663	28,204	121,867
2025	97,643	23,990	121,633
2026	101,793	19,596	121,389
2027	106,119	15,014	121,133
2028-2029	227,542	15,502	243,044
Totals	<u>\$ 716,604</u>	<u>\$ 134,554</u>	<u>\$ 851,158</u>

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 2036. As of June 30, 2022, the balance of the COP was \$350,699.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	26,210	10,542	36,752
2028-2032	147,642	35,600	183,242
2033-2035	81,706	2,613	84,319
Totals	<u>\$ 350,699</u>	<u>\$ 100,925</u>	<u>\$ 451,624</u>

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**8. 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, 2022, the balance of the lease was \$472,083.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 70,513	\$ 20,630	\$ 91,143
2024	73,594	17,549	91,143
2025	76,810	14,333	91,143
2026	80,167	10,976	91,143
2027	83,670	7,473	91,143
2028	87,329	3,814	91,143
Totals	<u>\$ 472,083</u>	<u>\$ 74,775</u>	<u>\$ 546,858</u>

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, 2022, the balance of the TCTA settlement liability was \$589,749.

The annual payment requirements for the agreement are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 52,422	\$ -	\$ 52,422
2024	52,422	-	52,422
2025	52,422	-	52,422
2026	52,422	-	52,422
2027	52,422	-	52,422
2028-2032	262,110	-	262,110
2033-2034	65,529	-	65,529
Totals	<u>\$ 589,749</u>	<u>\$ -</u>	<u>\$ 589,749</u>

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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**8. 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, 2022, the balance of the Caltrans settlement liability was \$199,449.

The annual payment requirements for the agreement are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 49,861	\$ 326	\$ 50,187
2024	49,861	1,451	51,312
2025	49,861	1,451	51,312
2026	49,866	1,452	51,318
Totals	<u>\$ 199,449</u>	<u>\$ 4,681</u>	<u>\$ 204,130</u>

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 fiscal 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 fiscal 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**  
**June 30, 2022**

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**8. LONG-TERM DEBT (Continued)**

A. Governmental Activities (Continued)

HCD Settlement Liability (Continued)

**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.

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.

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, 2022, the balance of the HCD settlement liability was \$3,691,426. \$1,100,000 is forgivable contingent on timely payments. Annual interest accrued on outstanding principal is forgivable.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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**8. LONG-TERM DEBT (Continued)**

A. Governmental Activities (Continued)

HCD Settlement Liability (Continued)

The annual payment requirements for the agreement are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 89,360	\$ -	\$ 89,360
2024	89,360	-	89,360
2025	89,360	-	89,360
2026	89,360	-	89,360
2027	89,360	-	89,360
2028-2032	446,800	-	446,800
2033-2037	446,800	-	446,800
2038-2042	446,800	-	446,800
2043-2047	446,800	-	446,800
2048-2052	446,800	-	446,800
2053-2057	446,800	-	446,800
2058-2062	446,800	-	446,800
2063-2066	117,026	-	117,026
Totals	<u>\$ 3,691,426</u>	<u>\$ -</u>	<u>\$ 3,691,426</u>

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**8. 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 2047. As of June 30, 2022, the balance of the COP was \$1,837,637.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	62,942	65,771	128,713
2028-2032	357,186	284,578	641,764
2033-2037	439,820	198,432	638,252
2038-2042	541,571	92,357	633,928
2043-2047	208,984	38,258	247,242
Totals	<u>\$ 1,837,637</u>	<u>\$ 968,163</u>	<u>\$ 2,805,800</u>

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, 2022, the balance due was \$4,354,263.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	206,789	116,681	323,470
2028-2032	1,139,232	478,118	1,617,350
2033-2037	1,336,787	280,563	1,617,350
2038-2040	907,373	59,495	966,868
Totals	<u>\$ 4,354,263</u>	<u>\$ 1,464,655</u>	<u>\$ 5,818,918</u>



**City of Lindsay**  
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**June 30, 2022**

**8. LONG-TERM DEBT (Continued)**

B. Business-Type Activities (Continued)

Revenue Bonds Payable (Continued)

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, 2022, the balance due was \$1,492,911.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	69,773	40,101	109,874
2028-2032	384,389	164,981	549,370
2033-2037	451,046	98,324	549,370
2038-2040	329,894	18,140	348,034
Totals	<u>\$ 1,492,911</u>	<u>\$ 503,233</u>	<u>\$ 1,996,144</u>

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, 2022, the balance due was \$346,481.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	12,419	13,204	25,623
2028-2032	70,739	57,376	128,115
2033-2037	87,627	40,488	128,115
2038-2042	108,548	19,567	128,115
2043-2044	22,463	983	23,446
Totals	<u>\$ 346,481</u>	<u>\$ 189,425</u>	<u>\$ 535,906</u>

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**8. LONG-TERM DEBT (Continued)**

B. Business-Type Activities (Continued)

Leases

The City has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed on October 8, 2008 to lease 144 acres of land and requires 455 monthly payments of \$3,000. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4%. As a result of the lease, the City has recorded a right to use asset with a net book value of \$693,936 at June 30, 2022. The right to use asset is discussed in more detail in Note 1.C.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 8,395	\$ 27,605	\$ 36,000
2024	8,737	27,263	36,000
2025	9,093	26,907	36,000
2026	9,464	26,536	36,000
2027	9,849	26,151	36,000
2028-2032	55,603	124,397	180,000
2033-2037	67,891	112,109	180,000
2038-2042	82,895	97,105	180,000
2043-2047	101,215	78,785	180,000
2048-2052	123,583	56,417	180,000
2053-2057	150,894	29,106	180,000
2058-2062	66,317	2,683	69,000
Totals	<u>\$ 693,936</u>	<u>\$ 635,064</u>	<u>\$ 1,329,000</u>

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, 2022. 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 2022-23 to ascertain if any additional amounts should be accrued.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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**9. 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 leave payable outstanding was \$394,176 as of June 30, 2022.

The amount due within one year of \$220,348 for Governmental Activities and \$60,501 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.

**10. 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.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
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**10. CITY EMPLOYEES' RETIREMENT PLAN (Continued)**

Benefit Provided (Continued)

The rate plan provisions and benefits in effect at June 30, 2022 are summarized as follows:

	Miscellaneous Classic Member	Miscellaneous PEPRA
Hire date	Prior to December 16, 2012	On or after January 1, 2013
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	2.7%	2%
Required employee contribution rates	8%	6.25%
Required employer contribution rates	14.02%	7.59%
Required unfunded liability payment	\$407,958	\$5,035

	Safety	Safety PEPRA
Hire date	Prior to January 1, 2013	On and after January 1, 2013
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	57
Monthly benefits, as a % of eligible compensation	3%	2.7%
Required employee contribution rates	9%	11.5%
Required employer contribution rates	21.79%	13.13%
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.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**10. CITY EMPLOYEES' RETIREMENT PLAN (Continued)**

For the fiscal year ended June 30, 2022, the contributions recognized as part of pension expense for the Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Contributions - employer	\$ 501,029	\$ 528,530	\$ 1,029,559

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

As of June 30, 2022, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 3,421,071
Safety	<u>2,521,100</u>
Total	<u>\$ 5,942,171</u>

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, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The City's proportionate share 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. The City's proportionate share of the net pension liability for each Plan as of June 30, 2020 and 2021 were as follows:

Proportion - June 30, 2020	0.08955%
Proportion - June 30, 2021	<u>0.10987%</u>
Change - Increase (Decrease)	<u>0.02032%</u>

For the fiscal year ended June 30, 2022, the City recognized pension expense of \$1,782,134. At June 30, 2022, 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>
Changes of Assumptions	\$ -	\$ -
Differences between Expected and Actual Experience	814,364	-
Net differences between projected and actual earnings on plan investments	-	4,486,953
Differences between employer's contributions and the employer's proportionate share of contributions	23,636	479,253
Change in Employer's Proportion	189,168	160,212
Pension Contributions Made Subsequent to Measurement Date	<u>1,158,701</u>	<u>-</u>
Total	<u>\$ 2,185,869</u>	<u>\$ 5,126,418</u>

**City of Lindsay**  
**Notes to Basic Financial Statements**  
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**10. CITY EMPLOYEES' RETIREMENT PLAN (Continued)**

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

Deferred outflows of resources were reported as \$1,158,701 related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized as pension expense as follows:

Fiscal Year Ended	Amount
June 30	
2023	\$ (891,157)
2024	(950,307)
2025	(1,019,567)
2026	(1,238,219)
Total	<u>\$ (4,099,250)</u>

**Actuarial Assumptions** - The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	Varies By Age & Length of Service (1)
Investment Rate of Return	7.50% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds

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

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

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality, and retirement rates. The experience study report can be obtained at CalPERS' website under Forms and Publications.

**Long-Term Expected Rate of Return**

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.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
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**10. CITY EMPLOYEES' RETIREMENT PLAN (Continued)**

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated 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 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 geometric rates of return are net of administrative expenses.

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1-10(b)	Real Return Years 11+(c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

- (a) In the CalPERS's system, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (b) An expected inflation of 2.0% was used for this period
- (c) An expected inflation of 2.92% was used for this period

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
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**10. 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:

	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
	6.15%	7.15%	8.15%
Net Pension Liability - Misc	\$ 5,980,835	\$ 3,421,071	\$ 1,304,950
Net Pension Liability - Safety	4,959,750	2,521,100	518,051
Net Pension Liability - Total	<u>\$ 10,940,585</u>	<u>\$ 5,942,171</u>	<u>\$ 1,823,001</u>

**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, 2022 the City reported no amount payable for outstanding amount of contributions to the pension plan required for the fiscal year ended June 30, 2022.

**11. 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.

**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.



**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**11. JOINT VENTURE – SELF-INSURANCE PROGRAM (Continued)**

**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.

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

The City reports the following total OPEB liability as of the June 30, 2022 measurement date:

	Governmental Activities	Business-type Activities
Total OPEB liability:	\$ 1,400,476	\$ 597,972
Total total OPEB liability	<u>\$ 1,400,476</u>	<u>\$ 597,972</u>
Deferred outflows of resources:		
Differences between expected and actual experiences	\$ 93,915	\$ 40,096
Changes in assumptions	\$ 112,751	\$ 48,147
Total deferred outflows of resources	<u>\$ 206,666</u>	<u>\$ 88,243</u>
Deferred inflows of resources:		
Differences between expected and actual experiences	\$ 1,204	\$ 521
Changes in assumptions	\$ 237,634	\$ 101,456
Total deferred inflows of resources	<u>\$ 238,838</u>	<u>\$ 101,977</u>

**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.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
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**12. POST-RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN (Continued)**

**B. Employees Covered**

As of the June 30, 2022 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

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

**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, 2022, the City contributed \$49,617 (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, 2022 and the total OPEB liability used to calculate the total OPEB liability was determined by actuarial valuation dated June 30, 2022. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:	June 30, 2022 Measurement Date
Discount Rate	3.54% (Bond Buyer 20-Bond Index)
Inflation	2.50% annually
Salary Increases	2.75% per annum, in aggregate
Mortality Rate	CalPERS 2017 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Medical Participation at Retirement	Currently covered - 50%, Currently waived - 0%
Healthcare Trend Rate	4% per annum

Discount Rate

The discount rate estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets for funded plans. The rate used for a funded plan is the real rate of return expected for plan assets plus long term inflation assumption. For an unfunded plan, the discount rate is based on an index of 20-year General Obligation municipal bonds. For partially funded plans, the discount rate is a blend of the funded and unfunded rates. The discount rate used to measure the total OPEB liability was 3.54 percent.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**12. POST-RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN (Continued)**

**D. Total OPEB Liability**

**Changes in Total OPEB Liability as of June 30, 2022**

	<b>Total OPEB Liability</b>
Balance at June 30, 2021	\$ 2,161,090
Service Cost	161,511
Interest	47,888
Assumption Changes	(322,425)
Benefit Payments	(49,617)
Net Change during 2021-22	(162,643)
Balance at June 30, 2022	<u>\$ 1,998,447</u>

**Sensitivity to the total OPEB Liability to Changes in the Discount Rate and Healthcare Trend Rate**

The following presents the total OPEB liability of the City if it were calculated using discount rate and health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for the measurement period ending June 30, 2022:

	<b>Discount Rate</b>		
	<b>Current Discount Rate</b>		
	<b>1% Lower</b>	<b>(3.54%)</b>	<b>1% Higher</b>
Total OPEB Liability	\$ 2,234,229	\$ 1,998,447	\$ 1,820,167

	<b>Healthcare Trend Rate</b>		
	<b>Current Trend</b>		
	<b>1% Lower</b>	<b>(4%)</b>	<b>1% Higher</b>
Total OPEB Liability	\$ 1,686,902	\$ 1,998,447	\$ 2,362,077

**Recognition of Deferred Outflows and Deferred Inflows of Resources and OPEB expense**

For the fiscal year ended June 30, 2022, the City recognized OPEB expense of \$222,446. The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumption	\$ 160,898	\$ 339,090
Differences between expected and actual experience	134,011	1,725
<b>Total</b>	<u>\$ 294,909</u>	<u>\$ 340,815</u>

**City of Lindsay**  
**Notes to Basic Financial Statements**  
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**12. POST-RETIREMENT HEALTH CARE DEFINED BENEFIT PLAN (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB and will be recognized as pension expense as follows:

For the Fiscal Year Ending June 30,	Recognized Net Deferred Outflows (Inflows) of Resource
2023	\$ 13,047
2024	13,047
2025	13,047
2026	13,047
2027	13,047
Thereafter	<u>(111,141)</u>
<b>Total</b>	<u>\$ (45,906)</u>

**13. NET POSITION AND FUND BALANCES**

GASB Statement No. 34, modified by GASB Statement No. 63, adds the concept of Net Position, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

Net Position

Net position is divided into three captions under GASB Statement No. 34. These captions apply only to net position as determined at the government-wide level, and are described below:

Net Investment in Capital Assets describes the portion of net assets which is represented by the current net book value of the City’s capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include debt service requirements, and redevelopment funds restricted to low and moderate income housing purposes.

Unrestricted describes the portion of net position which is not restricted as to use.

The government-wide statement of net position reports \$9,016,293 of restricted net position.

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**13. NET POSITION AND FUND BALANCES (Continued)**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	Street				Total
	General	Improvement Fund	Local Transportation Fund	Nonmajor Governmental Funds	
<u>Restricted for:</u>					
Road construction and maintenance	\$ -	\$ 3,469,130	\$ 3,733,006	\$ -	\$ 7,202,136
Community development	-	-	-	80,832	80,832
Curb and gutter	-	-	-	48,681	48,681
Transit	-	-	-	7,457	7,457
Park projects	-	-	-	99,535	99,535
Street and roads	-	-	-	1,577,652	1,577,652
Total Restricted	-	3,469,130	3,733,006	1,814,157	9,016,293
Unassigned:	(1,306,438)	-	-	(228,919)	(1,535,357)
Total Fund Balances	\$ (1,306,438)	\$ 3,469,130	\$ 3,733,006	\$ 1,585,238	\$ 7,480,936

**14. COMMITMENTS AND CONTINGENCIES**

There are pending claims and litigation against the City other than what has been accrued, which are considered normal to the City's operation. City management is of the opinion that potential claims against the City not covered by insurance resulting from such litigation would not materially affect the basic financial statements of the City beyond funded reserves.

Under certain circumstances, such as default or bankruptcy of other participants, the City may also be liable to pay a portion of the debt of these joint ventures on behalf of the other participants.

**15. 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).

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**15. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)**

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.

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 fiscal year ended June 30, 2022 was as follows:

	<u>Balance at</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>June 30, 2022</u>	<u>Due Within</u> <u>One Year</u>
Tax Allocation Bonds:					
2015 Refunding	\$ 11,010,000	\$ -	\$ (465,000)	\$ 10,545,000	\$ 485,000
Total other long-term debt	<u>\$ 11,010,000</u>	<u>\$ -</u>	<u>\$ (465,000)</u>	<u>\$ 10,545,000</u>	<u>\$ 485,000</u>

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

**15. 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, 2022, the balance on the bonds was \$10,545,000.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 485,000	\$ 392,381	\$ 877,381
2024	510,000	367,606	877,606
2025	535,000	341,481	876,481
2026	565,000	319,631	884,631
2027	585,000	302,016	887,016
2028-2032	3,190,000	1,204,426	4,394,426
2033-2037	3,815,000	561,476	4,376,476
2038	860,000	17,200	877,200
Totals	<u>\$ 10,545,000</u>	<u>\$ 3,506,217</u>	<u>\$ 14,051,217</u>

**16. PRIOR PERIOD ADJUSTMENTS**

The City restated its Net Position and Fund Balances at July 1, 2021 as follows:

Reason for adjustments	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Overstatement of land	\$ -	\$ (27,176)
Understatement (Overstatement) of accounts receivable	(92,669)	50,064
	<u>\$ (92,669)</u>	<u>\$ 22,888</u>

Reason for adjustments	<u>Proprietary Funds</u>			<u>Governmental Nonmajor Fund</u>	<u>Fiduciary Funds</u>	
	<u>Water Enterprise Fund</u>	<u>Sewer Enterprise Fund</u>	<u>Refuse Enterprise Fund</u>	<u>Curb and Gutter Capital Project Fund</u>	<u>Private-Purpose Trust Fund</u>	<u>Custodial Fund</u>
Overstatement of land	\$ -	\$ (27,176)	\$ -	\$ -	\$ -	\$ -
Understatement (Overstatement) of accounts receivable	112,520	(36,557)	(25,899)	(92,669)	-	-
Understatement of loans and notes receivable	-	-	-	-	34,410	158,733
	<u>\$ 112,520</u>	<u>\$ (63,733)</u>	<u>\$ (25,899)</u>	<u>\$ (92,669)</u>	<u>\$ 34,410</u>	<u>\$ 158,733</u>

**City of Lindsay**  
**Notes to Basic Financial Statements**  
**June 30, 2022**

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**17. 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 \$1,306,438. 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.

**18. SUBSEQUENT EVENTS**

The City sold McDermont Fieldhouse on December 27, 2022 in the amount of \$900,000.



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**REQUIRED SUPPLEMENTAL INFORMATION**

**CITY OF LINDSAY**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 452,600	\$ 452,600	\$ 391,653	\$ (60,947)
Sales taxes	1,279,400	1,279,400	1,568,150	288,750
Measure O taxes	1,316,700	1,316,700	1,689,595	372,895
Utilities users' taxes	1,050,000	1,050,000	996,296	(53,704)
Other taxes	1,728,000	1,728,000	2,181,224	453,224
Intergovernmental	486,600	486,600	1,806,794	1,320,194
Fines and forfeitures	110,000	110,000	184,384	74,384
License and permits	224,700	224,700	585,683	360,983
Use of money and property	600	600	(63,020)	(63,620)
Charges for services	6,800	6,800	23,937	17,137
Other, donations, and reimbursements	1,271,800	1,271,800	268,714	(1,003,086)
<b>Total Revenues</b>	<b>7,927,200</b>	<b>7,927,200</b>	<b>9,633,410</b>	<b>1,706,210</b>
<b>EXPENDITURES</b>				
Current:				
General government	971,111	971,111	1,304,688	(333,577)
Public safety	3,168,100	3,168,100	3,506,984	(338,884)
Parks and recreation	209,800	209,800	207,565	2,235
Public works	540,058	540,058	777,757	(237,699)
Streets and roads	643,900	643,900	763,683	(119,783)
Community development	59,300	59,300	97,173	(37,873)
Capital outlay	1,757,383	1,757,383	1,788,103	(30,720)
Debt service:				
Principal retirement	281,400	281,400	357,780	(76,380)
Interest and fiscal charges	101,600	101,600	68,369	33,231
<b>Total Expenditures</b>	<b>7,732,652</b>	<b>7,732,652</b>	<b>8,872,102</b>	<b>(1,139,450)</b>
Excess of Revenues over (under) Expenditures	194,548	194,548	761,308	566,760
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	925,883	925,883	728,602	(197,281)
Transfers out	(1,480,000)	(1,480,000)	(329,407)	1,150,593
<b>Total Other Financing Sources (Uses)</b>	<b>(554,117)</b>	<b>(554,117)</b>	<b>399,195</b>	<b>953,312</b>
<b>Net Change in Fund Balance</b>	<b>(359,569)</b>	<b>(359,569)</b>	<b>1,160,503</b>	<b>1,520,072</b>
Fund Balance (deficit), Beginning of Fiscal Year	(2,466,941)	(2,466,941)	(2,466,941)	
Fund Balance (deficit), End of Fiscal Year	\$ (2,826,510)	\$ (2,826,510)	\$ (1,306,438)	\$ 1,520,072

**CITY OF LINDSAY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**STREET IMPROVEMENT SPECIAL REVENUE FUND**  
**For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Street improvement program	\$ 925,883	\$ 925,883	\$ 833,070	\$ (92,813)
Use of money and property	1,500	1,500	(17,143)	(18,643)
Total Revenues	<u>927,383</u>	<u>927,383</u>	<u>815,927</u>	<u>(111,456)</u>
<b>EXPENDITURES</b>				
Current:				
Streets and roads	20,084	20,084	20,084	-
Debt service:				
Principal retirement	49,861	49,861	49,861	-
Total Expenditures	<u>69,945</u>	<u>69,945</u>	<u>69,945</u>	<u>-</u>
Excess of Revenues over (under) Expenditures	<u>857,438</u>	<u>857,438</u>	<u>745,982</u>	<u>(111,456)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(855,938)</u>	<u>(855,938)</u>	<u>(328,266)</u>	<u>527,672</u>
Total Other Financing Sources (Uses)	<u>(855,938)</u>	<u>(855,938)</u>	<u>(328,266)</u>	<u>527,672</u>
Net Change in Fund Balance	1,500	1,500	417,716	416,216
Fund Balance, Beginning of Fiscal Year	<u>3,051,414</u>	<u>3,051,414</u>	<u>3,051,414</u>	
Fund Balance, End of Fiscal Year	<u>\$ 3,052,914</u>	<u>\$ 3,052,914</u>	<u>\$ 3,469,130</u>	<u>\$ 416,216</u>

**CITY OF LINDSAY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**LOCAL TRANSPORTATION FUND**  
**For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 1,596,657	\$ 1,596,657	\$ 1,126,840	\$ (469,817)
Use of money and property	850	850	(15,283)	(16,133)
Total Revenues	<u>1,597,507</u>	<u>1,597,507</u>	<u>1,111,557</u>	<u>(485,950)</u>
<b>EXPENDITURES</b>				
Current:				
Streets and roads	121,811	121,811	78,746	43,065
Capital outlay	200,000	200,000	177,442	22,558
Debt service:				
Principal retirement	86,182	86,182	86,182	-
Interest and fiscal charges	36,126	36,126	34,186	1,940
Total Expenditures	<u>444,119</u>	<u>444,119</u>	<u>376,556</u>	<u>67,563</u>
Excess of Revenues over (under) Expenditures	<u>1,153,388</u>	<u>1,153,388</u>	<u>735,001</u>	<u>(418,387)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(919,000)</u>	<u>(919,000)</u>	<u>-</u>	<u>919,000</u>
Total Other Financing Sources (Uses)	<u>(919,000)</u>	<u>(919,000)</u>	<u>-</u>	<u>919,000</u>
Net Change in Fund Balance	234,388	234,388	735,001	500,613
Fund Balance, Beginning of Fiscal Year	<u>2,998,005</u>	<u>2,998,005</u>	<u>2,998,005</u>	<u>-</u>
Fund Balance, End of Fiscal Year	<u><u>\$ 3,232,393</u></u>	<u><u>\$ 3,232,393</u></u>	<u><u>\$ 3,733,006</u></u>	<u><u>\$ 500,613</u></u>

**City of Lindsay**  
**Required Supplementary Information**  
**For the fiscal year ended June 30, 2022**

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**Schedule of the Local Government's Proportionate Share of the Net Pension Liability – Last 10 Years\***

<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a % of Payroll</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
2021	0.10987%	\$ 5,942,171	\$ 2,717,288	218.68%	69.89%
2020	0.08955%	9,743,120	2,489,675	391.34%	75.10%
2019	0.09039%	9,262,536	2,385,716	388.25%	75.26%
2018	0.09174%	8,840,660	2,572,760	343.63%	75.26%
2017	0.09245%	9,168,480	2,907,772	315.31%	73.31%
2016	0.09544%	8,258,639	2,689,271	307.10%	74.06%
2015	0.09928%	6,814,687	2,799,950	243.39%	78.40%
2014	0.09999%	6,216,207	2,769,950	224.42%	79.82%

**Notes to the Schedule:**

**Benefit Changes:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes in Assumptions:** In 2017, the discount rate changed from 7.65% to 7.15%.

\*Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

**City of Lindsay**  
**Required Supplementary Information**  
**For the fiscal year ended June 30, 2022**

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**Schedule of Pension Contributions – Last 10 Years\***

<u>Fiscal Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Actuarially Determined Contributions</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>Covered Payroll</u>	<u>Contribution as a % of Covered Payroll</u>
2022	\$ 4,808,270	\$ (4,808,270)	\$ -	\$ 3,094,614	155.38%
2021	1,029,559	(1,029,559)	-	2,717,288	37.89%
2020	922,615	(922,615)	-	2,489,675	37.06%
2019	1,128,405	(1,128,405)	-	2,385,716	47.30%
2018	1,021,760	(1,021,760)	-	2,572,760	39.71%
2017	1,207,603	(1,207,603)	-	2,907,772	41.53%
2016	726,038	(726,038)	-	2,689,271	27.00%
2015	700,907	(700,907)	-	2,799,950	25.03%

\*Fiscal year 2015 was the 1st year of implementation, therefore only eight years are shown.

**City of Lindsay**  
**Required Supplementary Information**  
**For the fiscal year ended June 30, 2022**

**Schedule of the Change in Net OPEB Liability and Related Ratios - Last 10 Fiscal Years\***

<b>MEASUREMENT PERIOD</b>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>TOTAL OPEB LIABILITY</b>					
Service Cost	\$ 161,511	\$ 102,491	\$ 99,506	\$ 76,602	\$ 79,370
Interest on the Total OPEB Liability	47,888	43,900	42,590	58,378	52,405
Difference between Expected and Actual Experience	-	98,985	73,023	(2,879)	1,127
Changes of Assumptions	(322,425)	(14,499)	175,866	72,921	(52,488)
Benefit Payments	(49,617)	(28,027)	(40,536)	(37,872)	(31,041)
<b>Net Change in Total OPEB Liability</b>	<u>(162,643)</u>	<u>202,850</u>	<u>350,449</u>	<u>167,150</u>	<u>49,373</u>
<b>Total OPEB Liability - Beginning</b>	<u>2,161,090</u>	<u>1,958,240</u>	<u>1,607,791</u>	<u>1,440,641</u>	<u>1,391,268</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 1,998,447</u>	<u>\$ 2,161,090</u>	<u>\$ 1,958,240</u>	<u>\$ 1,607,791</u>	<u>\$ 1,440,641</u>
<b>Plan Net OPEB Liability - Ending</b>	<u>\$ 1,998,447</u>	<u>\$ 2,161,090</u>	<u>\$ 1,958,240</u>	<u>\$ 1,607,791</u>	<u>\$ 1,440,641</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
<b>Covered Payroll</b>	\$ 16,715,521	\$ 2,897,502	\$ 2,912,375	\$ 2,637,580	\$ 2,560,757
<b>Net OPEB liability as a percentage of covered payroll</b>	11.96%	74.58%	67.24%	60.96%	56.26%

\*Fiscal year 2018 was the first year of implementation, therefore only five years are shown.



**City of Lindsay**  
**Required Supplementary Information**  
**For the fiscal year ended June 30, 2022**

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**Schedule of OPEB Contribution - Last 10 Fiscal Years**

Per GASB 75 paragraph 57c., these disclosures are only required if the employer calculates an Actuarially Determined Contribution (ADC). The City does not currently calculate an ADC.

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**OTHER SUPPLEMENTARY INFORMATION**

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

*Special Assessment Districts Fund* accounts 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 PROJECTS 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  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2022**

	Special Revenue Funds					
	Special Assessment Districts	Community Development	Gas Tax	Park Improvement	Transit	State Parks
<b>ASSETS</b>						
Cash and investments	\$ 92,161	\$ 22,872	\$ 1,439,170	\$ 50,474	\$ 7,457	\$ -
Receivables:						
Accounts and taxes	-	-	-	-	-	-
Interest	-	-	1,158	-	-	-
Intergovernmental	925	-	67,943	-	-	195,462
Advance to other funds	-	-	-	90,000	-	-
Loans and notes receivable	-	57,960	-	-	-	-
Total Assets	<u>\$ 93,086</u>	<u>\$ 80,832</u>	<u>\$ 1,508,271</u>	<u>\$ 140,474</u>	<u>\$ 7,457</u>	<u>\$ 195,462</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 7,892	\$ -	\$ 8,325	\$ 40,939	\$ -	\$ -
Accrued wages	-	-	7,488	-	-	-
Due to other funds	-	-	-	-	-	228,919
Total Liabilities	<u>7,892</u>	<u>-</u>	<u>15,813</u>	<u>40,939</u>	<u>-</u>	<u>228,919</u>
Deferred inflow of resources:						
Unavailable revenue	-	-	-	-	-	195,462
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,462</u>
Fund Balances:						
Restricted	85,194	80,832	1,492,458	99,535	7,457	-
Unassigned	-	-	-	-	-	(228,919)
Total Fund Balances (Deficits)	<u>85,194</u>	<u>80,832</u>	<u>1,492,458</u>	<u>99,535</u>	<u>7,457</u>	<u>(228,919)</u>
Total Liabilities, Deferred inflows of Resources and Fund Balances	<u>\$ 93,086</u>	<u>\$ 80,832</u>	<u>\$ 1,508,271</u>	<u>\$ 140,474</u>	<u>\$ 7,457</u>	<u>\$ 195,462</u>

Capital Projects Fund	Total Nonmajor Governmental Funds
Curb and Gutter	
\$ 9,670	\$ 1,621,804
229	229
13	1,171
-	264,330
35,000	125,000
<u>3,769</u>	<u>61,729</u>
<u>\$ 48,681</u>	<u>\$ 2,074,263</u>

\$ -	\$ 57,156
-	7,488
<u>-</u>	<u>228,919</u>
<u>-</u>	<u>293,563</u>
<u>-</u>	<u>195,462</u>
<u>-</u>	<u>195,462</u>
48,681	1,814,157
<u>-</u>	<u>(228,919)</u>
<u>48,681</u>	<u>1,585,238</u>
<u>\$ 48,681</u>	<u>\$ 2,074,263</u>

**CITY OF LINDSAY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2022**

	Special Revenue Funds					
	Special Assessment Districts	Community Development	Gas Tax	Park Improvement	Transit	State Parks
<b>REVENUES</b>						
Other taxes	\$ 72,628	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	572,145	-	-	-
License and permits	-	-	-	36,250	-	-
Use of money and property	-	3,288	(5,147)	30	9	-
Other, donations, and reimbursements	-	5,143	-	-	-	449
<b>Total Revenues</b>	<b>72,628</b>	<b>8,431</b>	<b>566,998</b>	<b>36,280</b>	<b>9</b>	<b>449</b>
<b>EXPENDITURES</b>						
Current:						
General government	78,522	-	-	-	-	-
Parks and recreation	-	-	-	41,065	-	-
Streets and roads	-	-	280,107	-	-	-
Community development	-	-	-	-	-	1,609
Capital outlay	-	-	25,097	-	-	-
<b>Total Expenditures</b>	<b>78,522</b>	<b>-</b>	<b>305,204</b>	<b>41,065</b>	<b>-</b>	<b>1,609</b>
Excess of Revenues Over (Under) Expenditures	(5,894)	8,431	261,794	(4,785)	9	(1,160)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	-	-	(86,001)	-	-	(195,462)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(86,001)</b>	<b>-</b>	<b>-</b>	<b>(195,462)</b>
<b>Net Change in Fund Balances</b>	<b>(5,894)</b>	<b>8,431</b>	<b>175,793</b>	<b>(4,785)</b>	<b>9</b>	<b>(196,622)</b>
Fund Balances (deficits), Beginning of Fiscal Year	91,088	72,401	1,316,665	104,320	7,448	(32,297)
Prior Period Adjustments	-	-	-	-	-	-
Fund Balances (deficits), Beginning of Fiscal Year(restated)	91,088	72,401	1,316,665	104,320	7,448	(32,297)
Fund Balances (deficits), End of Fiscal Year	<u>\$ 85,194</u>	<u>\$ 80,832</u>	<u>\$ 1,492,458</u>	<u>\$ 99,535</u>	<u>\$ 7,457</u>	<u>\$ (228,919)</u>

Captial Projects		
Fund		Total Nonmajor Governmental Funds
Curb and Gutter		
\$ -	\$	72,628
-		572,145
-		36,250
(86)		(1,906)
<u>3,543</u>		<u>9,135</u>
<u>3,457</u>		<u>688,252</u>
-		78,522
-		41,065
-		280,107
-		1,609
<u>10,376</u>		<u>35,473</u>
<u>10,376</u>		<u>436,776</u>
<u>(6,919)</u>		<u>251,476</u>
<u>-</u>		<u>(281,463)</u>
<u>-</u>		<u>(281,463)</u>
<u>(6,919)</u>		<u>(29,987)</u>
148,269		1,707,894
<u>(92,669)</u>		<u>(92,669)</u>
<u>55,600</u>		<u>1,615,225</u>
<u>\$ 48,681</u>	<u>\$</u>	<u>1,585,238</u>