

**CITY OF FOWLER
CALIFORNIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2020**

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CALIFORNIA
FINANCIAL STATEMENTS
JUNE 30, 2020**

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**CITY OF FOWLER
CALIFORNIA
FINANCIAL STATEMENTS
JUNE 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the City Council of the
City of Fowler
Fowler, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fowler, California (the "City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the Schedule of City's Proportionate Share of Net Pension Liability on page 51, Schedule of Contributions on page 52, and the budgetary comparison information on pages 49-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

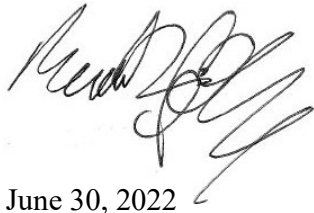
Supplementary Information

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

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed above is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to be "Michael J. [unclear]", is written over a faint, illegible printed name.

June 30, 2022

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CITY OF FOWLER
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 10,824,271	\$ 2,007,378	\$ 12,831,649
Restricted cash and investments with fiscal agents	461,418	-	461,418
Receivables (net of allowance for uncollectibles)	267,061	186,352	453,413
Intergovernmental receivable	1,637,773	-	1,637,773
Community loans receivable	456,503	-	456,503
Internal balances	80,000	(80,000)	-
Deposits with others	160,458	-	160,458
Advances to Successor Agency	298,000	-	298,000
Capital assets not being depreciated	11,493,857	260,969	11,754,826
Capital assets, net of accumulated depreciation	10,308,085	3,742,276	14,050,361
Total assets	35,987,426	6,116,975	42,104,401
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources from pensions	868,111	304,748	1,172,859
LIABILITIES			
Accounts payable	577,788	80,551	658,339
Accrued liabilities	13,628	-	13,628
Retainage payable	95,183	-	95,183
Deposits payable	5,864	117,922	123,786
Unearned revenue	36,089	-	36,089
Accrued interest payable	30,324	22,324	52,648
Noncurrent liabilities:			
Due within one year	553,747	83,412	637,159
Due in more than one year:	2,397,686	1,493,500	3,891,186
Net pension liability	3,345,098	1,220,458	4,565,556
Total liabilities	7,055,407	3,018,167	10,073,574
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources from pensions	117,660	90,011	207,671
NET POSITION			
Net investment in capital assets	19,574,060	2,469,822	22,043,882
Restricted for:			
Public safety	581,980	-	581,980
Public works	4,019,039	-	4,019,039
Community development	936,268	-	936,268
Culture and recreation	355,714	-	355,714
Long-term debt	1,078,372	-	1,078,372
Unrestricted	3,137,037	843,723	3,980,760
Total net position	\$ 29,682,470	\$ 3,313,545	\$ 32,996,015

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

**CITY OF FOWLER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Government activities:							
General government	\$ 1,400,413	\$ 39,394	\$ -	\$ -	\$ (1,361,019)	\$ -	\$ (1,361,019)
Public safety	2,277,510	97,250	180,116	-	(2,000,144)	-	(2,000,144)
Public works	902,079	208,207	150,346	840,497	296,971	-	296,971
Community development	1,040,109	552,069	22,500	7,131	(458,409)	-	(458,409)
Culture and recreation	280,100	121,671	2,079	-	(156,350)	-	(156,350)
Interest on long-term debt	189,484	-	-	-	(189,484)	-	(189,484)
Total governmental activities	6,089,695	1,018,591	355,041	847,628	(3,868,435)	-	(3,868,435)
Business-type activities:							
Water	1,382,044	1,529,984	-	30,534	-	178,474	178,474
Total business-type activities	1,382,044	1,529,984	-	30,534	-	178,474	178,474
Total	\$ 7,471,739	\$ 2,548,575	\$ 355,041	\$ 878,162	(3,868,435)	178,474	(3,689,961)
General revenues and transfers							
General revenues:							
Property taxes					1,186,679	-	1,186,679
Sales taxes					2,711,236	-	2,711,236
Franchise taxes					364,257	-	364,257
Utility users taxes					450,566	-	450,566
Other taxes					139,149	-	139,149
Payments in lieu of taxes					715,887	-	715,887
Rental income					7,180	-	7,180
Unrestricted investment earnings					153,911	429	154,340
Gain on sale of capital assets					170,696	-	170,696
Miscellaneous					98,278	-	98,278
Transfers					(561,510)	561,510	-
Total general revenues and transfers					5,436,329	561,939	5,998,268
Change in net position					1,567,894	740,413	2,308,307
Net position - beginning					27,594,065	2,573,132	30,167,197
Net position - ending					\$ 29,682,470	\$ 3,313,545	\$ 32,996,015

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

CITY OF FOWLER
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Local Transportation Fund - Article 8 Special Revenue Fund	Debt Service Fund	Fire Station Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 5,658,171	\$ 154,848	\$ 234,464	\$ -	\$ 4,776,788	\$ 10,824,271
Cash with fiscal agents	-	-	461,418	-	-	461,418
Receivables (net of allowance for uncollectibles)	267,061	-	-	-	-	267,061
Intergovernmental receivable	677,060	440,107	4,490	333,224	182,892	1,637,773
Community loans receivable	-	-	-	-	456,503	456,503
Due from other funds	206,659	-	-	-	-	206,659
Deposits with others	160,458	-	-	-	-	160,458
Advances to other funds	-	-	80,000	-	-	80,000
Advances to Successor Agency	-	-	298,000	-	-	298,000
Total assets	<u>\$ 6,969,409</u>	<u>\$ 594,955</u>	<u>\$ 1,078,372</u>	<u>\$ 333,224</u>	<u>\$ 5,416,183</u>	<u>\$ 14,392,143</u>
LIABILITIES						
Accounts payable	\$ 325,687	\$ 6,485	\$ -	\$ 91,758	\$ 153,858	\$ 577,788
Accrued liabilities	13,628	-	-	-	-	13,628
Retainage payable	-	-	-	91,966	3,217	95,183
Deposits	5,864	-	-	-	-	5,864
Unearned revenue	36,089	-	-	-	-	36,089
Due to other funds	-	-	-	108,089	98,570	206,659
Total liabilities	<u>381,268</u>	<u>6,485</u>	<u>-</u>	<u>291,813</u>	<u>255,645</u>	<u>935,211</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	<u>138,382</u>	<u>440,107</u>	<u>-</u>	<u>-</u>	<u>140,055</u>	<u>718,544</u>
Total deferred inflows of resources	<u>138,382</u>	<u>440,107</u>	<u>-</u>	<u>-</u>	<u>140,055</u>	<u>718,544</u>
FUND BALANCES (DEFICITS)						
Restricted:						
Public safety	-	-	-	41,411	540,569	581,980
Public works	-	148,363	-	-	3,421,152	3,569,515
Community development	-	-	-	-	805,630	805,630
Culture and recreation	-	-	-	-	355,714	355,714
Debt service	-	-	1,078,372	-	-	1,078,372
Unassigned	<u>6,449,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,582)</u>	<u>6,347,177</u>
Total fund balances	<u>6,449,759</u>	<u>148,363</u>	<u>1,078,372</u>	<u>41,411</u>	<u>5,020,483</u>	<u>12,738,388</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,969,409</u>	<u>\$ 594,955</u>	<u>\$ 1,078,372</u>	<u>\$ 333,224</u>	<u>\$ 5,416,183</u>	<u>\$ 14,392,143</u>

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

CITY OF FOWLER
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

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

Total fund balances - governmental funds balance sheet	\$ 12,738,388
Capital assets of \$32,249,514, net of accumulated depreciation of \$10,447,572, used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	21,801,942
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Those liabilities consists of:	
Bonds, notes and loans payable	(2,818,941)
Net pension liability	(3,345,098)
	(6,164,039)
Pension related deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the funds. These amounts consist of:	
Deferred outflows of resources	868,111
Deferred inflows of resources	(117,660)
	750,451
Compensated absences are not due and payable in the current period, and therefore are not reported in the funds.	(132,492)
Certain assets are not available to pay for current period expenditures; therefore, they are unavailable in the governmental funds.	718,544
Interest payable on long-term debt does not require the use of current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(30,324)
Net position of governmental activities	<u>\$ 29,682,470</u>

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

CITY OF FOWLER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Local Transportation Fund - Article 8 Special Revenue Fund	Debt Service Fund	Fire Station Capital Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 940,243	\$ -	\$ 204,230	\$ -	\$ -	\$ 1,144,473
Sales taxes	2,711,236	-	-	-	-	2,711,236
Franchise taxes	364,257	-	-	-	-	364,257
Utility users taxes	450,566	-	-	-	-	450,566
Other taxes	139,149	-	-	-	-	139,149
Payments in lieu of taxes	715,887	-	-	-	-	715,887
Licenses and permits	486,643	-	-	-	-	486,643
Intergovernmental revenue	176,443	-	-	-	719,379	895,822
Fines and penalties	13,047	-	-	-	-	13,047
Use of money and property	30,202	107	129,941	-	23,342	183,592
Charges for services	112,498	-	-	-	413,534	526,032
Miscellaneous	109,191	-	-	-	-	109,191
Total revenues	<u>6,249,362</u>	<u>107</u>	<u>334,171</u>	<u>-</u>	<u>1,156,255</u>	<u>7,739,895</u>
EXPENDITURES						
Current:						
General governmental	1,136,940	-	3,287	-	-	1,140,227
Public safety	2,017,161	-	-	148,286	-	2,165,447
Public works	631,683	85,626	-	-	361,012	1,078,321
Community development	579,499	-	-	-	22,520	602,019
Culture and recreation	183,769	-	-	-	-	183,769
Capital outlay	445,159	-	-	1,037,661	20,156	1,502,976
Debt service						
Principal	19,000	17,254	314,999	-	-	351,253
Interest and fiscal charges	2,998	-	190,402	-	-	193,400
Total expenditures	<u>5,016,209</u>	<u>102,880</u>	<u>508,688</u>	<u>1,185,947</u>	<u>403,688</u>	<u>7,217,412</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,233,153</u>	<u>(102,773)</u>	<u>(174,517)</u>	<u>(1,185,947)</u>	<u>752,567</u>	<u>522,483</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	3,322	-	120,000	19,900	-	143,222
Operating transfers out	(40,300)	-	-	-	(664,432)	(704,732)
Proceeds from long-term debt	-	-	-	968,243	-	968,243
Sale of general capital assets	292,204	-	-	-	-	292,204
Total other financing sources (uses)	<u>255,226</u>	<u>-</u>	<u>120,000</u>	<u>988,143</u>	<u>(664,432)</u>	<u>698,937</u>
Net change in fund balances	1,488,379	(102,773)	(54,517)	(197,804)	88,135	1,221,420
Fund balances - beginning, restated	<u>4,961,380</u>	<u>251,136</u>	<u>1,132,889</u>	<u>239,215</u>	<u>4,932,348</u>	<u>11,516,968</u>
Fund balances - ending	<u>\$ 6,449,759</u>	<u>\$ 148,363</u>	<u>\$ 1,078,372</u>	<u>\$ 41,411</u>	<u>\$ 5,020,483</u>	<u>\$ 12,738,388</u>

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

CITY OF FOWLER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

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

Net changes in fund balances - total governmental funds	\$ 1,221,420
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. This is the amount by which capital outlays exceeded depreciation expense in the current period.	1,430,964
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.	(121,508)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	308,777
The distribution of housing loans and corresponding payments that were recognized in the governmental funds are not recognized in the statement of activities.	(338,321)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Issuance of long-term debt	(968,243)
Repayment of the principal of long-term debt	<u>351,254</u>
	(616,989)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	
Accrued interest on long-term debt	7,202
Compensated absences	(16,137)
Changes in pension liabilities and related deferred outflows and inflows of resources	<u>(307,514)</u>
	<u>(316,449)</u>
Change in net position of governmental activities	<u>\$ 1,567,894</u>

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

**CITY OF FOWLER
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020**

	<u>Water Fund</u>
ASSETS	
Current assets:	
Cash and investments	\$ 2,007,378
Accounts receivable, net	<u>186,352</u>
Total current assets	<u>2,193,730</u>
Noncurrent assets:	
Capital assets not being depreciated	260,969
Capital assets, net of depreciation	<u>3,742,276</u>
Total noncurrent assets	<u>4,003,245</u>
Total assets	<u>6,196,975</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions	<u>304,748</u>
 LIABILITIES	
Current liabilities:	
Accounts payable	80,551
Deposits	117,922
Interest payable	22,324
Advances from other funds	80,000
Compensated absences	43,489
Bonds payable	37,300
Notes payable	<u>2,623</u>
Total current liabilities	<u>384,209</u>
Noncurrent liabilities:	
Bonds payable	1,493,500
Net pension liability	<u>1,220,458</u>
Total noncurrent liabilities	<u>2,713,958</u>
Total liabilities	<u>3,098,167</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions	<u>90,011</u>
 NET POSITION	
Investment in capital assets, net of related debt	2,469,822
Unrestricted	<u>843,723</u>
Total net position	<u>\$ 3,313,545</u>

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

CITY OF FOWLER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
NET POSITION – PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Water Fund</u>
Operating revenues:	
Charges for services	\$ 1,529,984
Miscellaneous	<u>30,534</u>
Total operating revenues	<u>1,560,518</u>
Operating expenses:	
Personnel costs	589,315
Materials and supplies	114,691
Contract services	69,637
Legal fees	840
Utilities	183,874
Insurance	83,389
Repairs and maintenance	68,717
Rent and leases	10,057
Depreciation	183,478
Bad debt expense	<u>5,862</u>
Total operating expenses	<u>1,309,860</u>
Operating income	<u>250,658</u>
Non-operating revenues (expenses):	
Investment earnings	429
Interest expense	<u>(72,184)</u>
Total non-operating revenues (expenses)	<u>(71,755)</u>
Income before transfers	<u>178,903</u>
Transfers in	<u>561,510</u>
Change in net position	740,413
Total net position - beginning	<u>2,573,132</u>
Total net position - ending	<u><u>\$ 3,313,545</u></u>

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

**CITY OF FOWLER
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 1,525,583
Payments to suppliers and service providers	(501,470)
Payments to employees for salaries and benefits	(522,887)
Other receipts	<u>30,534</u>

Net cash provided by (used for) operating activities	<u>531,760</u>
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CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Loans (to) from other funds	(20,000)
Transfers from other funds	<u>561,510</u>

Net cash used by noncapital financing activities	<u>541,510</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on capital debt	(35,800)
Interest paid on capital debt	(72,706)
Acquisition and construction of capital assets	<u>(51,855)</u>

Net cash provided by (used for) capital and related financing activities	<u>(160,361)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>429</u>
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Net cash provided by investing activities	<u>429</u>
---	------------

Increase (decrease) in cash and investments	913,338
---	---------

Cash and investments - beginning	<u>1,094,040</u>
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Cash and investments - ending	<u>\$ 2,007,378</u>
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The notes to the basic financial statements are an integral part of this statement.

CITY OF FOWLER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Continued)

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities

Operating income (loss)	\$ 250,658
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	183,478
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable, net	(39,443)
(Increase) decrease in deferred outflows of resources	(16,687)
Increase (decrease) in accounts payable	35,597
Increase (decrease) in deposits	35,042
Increase (decrease) in compensated absences	6,097
Increase (decrease) in deferred inflows of resources	40,971
Increase (decrease) in net pension liability	<u>36,047</u>
Net cash provided by (used for) operating activities	\$ <u>531,760</u>

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

**CITY OF FOWLER
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2020**

	Redevelopment Successor Agency Private Purpose <u>Trust Fund</u>
ASSETS	
Cash and investments	\$ 116,784
Total assets	<u>116,784</u>
LIABILITIES	
Accounts payable	21
Advances from the Fowler Public Financing Authority	<u>298,000</u>
Total liabilities	<u>298,021</u>
NET POSITION (DEFICIT)	
Restricted	<u>(181,237)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (181,237)</u>

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

CITY OF FOWLER
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Redevelopment Successor Agency Private Purpose <u>Trust Fund</u>
ADDITIONS	
Tax revenue	\$ <u>120,975</u>
 Total additions	 <u>120,975</u>
DEDUCTIONS	
Personnel costs	6,959
Professional services	36,592
Interest expense	<u>32,700</u>
 Total deductions	 <u>76,251</u>
 Change in net position	 44,724
 Net position (deficit) - beginning, restated	 <u>(225,961)</u>
 Net position (deficit) - ending	 <u>\$ (181,237)</u>

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

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Fowler, California was incorporated June 15, 1908. The City is general law city and as such draws its authority from the constitution and laws of the State of California. The City has a council/manager form of government and is governed by a five-member elected council. The City Manager is appointed by the City Council. The City provides the following services: police and fire protection, street construction and maintenance, public improvements, planning and zoning, recreation, and general administrative service. The City also operates the water utility enterprise.

The accompanying basic financial statements include the financial activities of the City, the primary government and its component unit, the Fowler Public Financing Authority (Financing Authority). Financial information for the City and its component unit are accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board. The City Council members, in separate sessions, serve as the governing board of the component unit. This entity is presented on a blended basis.

The **Fowler Public Financing Authority** (Financing Authority) is a joint exercise of powers agency duly organized and existing under the laws of the State of California. The Financing Authority's specific and primary purpose is to provide financial assistance to the City by acquiring qualified obligations from the City which were issued for the acquisition, construction, and improvement of public facilities and property. The current City Council serves as entire governing body (Trustees). Any issuance of debt would require a two-thirds approval of the City Council.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental audits. The Governmental Accounting Standards Board is the accepted standard setting body for governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

B. Basis of Presentation

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

Government-Wide Financial Statements – The statement of net position and the statement of activities display information about the primary government (the City) and its component unit (Financing Authority). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental and business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the City's *business-type activities* and for each function of the City's *governmental activities*. Direct expenses are those that are specifically associated with a program or function and, therefore, are included in the program expense reported for individual function. Certain indirect costs, which cannot be identified and broken down, are included in the program expense reported for individual functions and activities. Program revenues include, 1) fines, fees, and charges paid by the recipients of goods and services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard 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 those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated: due to/due from other funds, interfund note receivable/interfund long-term debt, and transfers in/transfers out.

Fund Financial Statements – The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. An accompanying schedule is presented to reconcile and explain the differences in funds and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent fund type total and five percent of the City's funds. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City has presented the following major governmental funds:

The **General Fund** is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

The **Local Transportation Fund – Article 8** receives its funding from State Local Transportation Funds which are administered and disbursed by the Fresno Council of Governments. This program is commonly referred to as LTF Article 8 because of its identifying section in the State Public Utilities Code. Article 8 funds are restricted to the safety, maintenance and improvement of streets and alleys through the community.

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, general-long term debt principal, interest, and related costs.

The **Fire Station Project Fund** is used to account separately the construction costs for the new fire station.

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

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City has one major enterprise fund, the **Water Fund**, which is used to account for the activities of the City's water production and distribution operations. In an enterprise fund, the intent of the City Council is that costs (expenses, including depreciation) of providing services to the general public, on a continuing basis, be financed or recovered primarily through user charges.

The City's fiduciary fund is used to account for resources held for the benefit of parties outside the government. The fund's activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide statements because the resources of those funds are not available to support the City's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

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

C. Measurement Focus, Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified basis of accounting*. Revenues, except for grants, are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions of capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal year. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirement, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenues items are considered to be measurable and available only when cash is received by the City.

The proprietary and private-purpose trust fund are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The fiduciary fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the City considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. This pool utilizes investments authorized by the Government Code and is further defined by the City's investment policy that is approved by the City Council. Authorized investments include deposits in the State of California administered Local Agency Investment Fund (LAIF), commercial paper, money market mutual funds, and federally sponsored credit agency securities. All investments are stated at fair value.

Interest income earned as a result of pooling is distributed to the appropriate funds based on month end cash balances in each fund. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Restricted Assets

Certain proceeds of general obligation debt are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants. "Cash with fiscal agents" is used to report resources set aside for potential deficiencies in the repayment ability of the City.

Interfund Transactions

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

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

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Receivables

Enterprise fund statements report an allowance for uncollectible accounts against the account receivables. All customers are billed monthly. The estimated value of services provided, but unbilled at year-end, has been included in the accompanying financial statements.

Loans Receivable

Special Revenue Fund expenditures relating to long-term loans arising from loan subsidy programs are recorded as loans receivable with an offset to an unavailable revenue account.

Property Taxes

Property taxes are assessed, collected, and allocated by Fresno County throughout the fiscal year according to the following property tax calendar:

Lien Date	January 1 st
Levy Date	July 1 st to June 30 th
Due Dates	November 1, 1 st installment, February 1 st , 2 nd installment
Delinquent Dates	December 10 th , 1 st installment, April 10 th , 2 nd installment

Revenues from taxpayer-assessed taxes (sales and use, business license, transient occupancy, utility users, gas, and franchise fees) are accrued in the governmental funds when they are both measurable and available. The City considers these revenues available if they are received during the period when settlement of prior fiscal year accounts payable occurs. Historically, the majority of these taxes are received within 60 days of the fiscal year-end.

The City accrues as receivable all property taxes received during the first (60) days of the new fiscal year.

Prepaid Expenditures

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

The City's assets are categorized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Gifts or contributions of capital assets are recorded at fair value when received. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings	10-50 years
Improvements	5-10 years
Machinery and equipment	3-25 years
Infrastructure	20-40 years

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets (Continued)

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. The City defines infrastructure as capital assets that are stationary and have expected useful lives significantly in excess of most capital assets. The assets include the street system, water purification and distribution system, sewer collection and treatment system, park and recreation improvements, storm water conveyance system, and buildings combined with the site amenities such as parking and landscaped areas used by the City in the conduct of its business.

Interest Payable

In the government-wide financial statements, interest payable for long-term debt is recognized as the liability is incurred for the governmental fund-types and proprietary-fund types.

In the fund financial statements, proprietary fund-types recognize the interest payable when the liability is incurred.

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned or unused vacation leave. Vacation is accumulated at 6 ⅔ hours per month for full-time regular employees with less than 5 years' service to a maximum of 12 ⅓ hours per month for full-time regular employees with over 10 years of service. Maximum vacation leave accumulated may not exceed 320 hours at any one time. Vacation leave may be taken as determined by the employee's Department Head, City Manager, or Council with due consideration for the employee's wishes and needs of the service provided. At June 30, 2020, the amount of accrued vacation pay was \$132,492 for the General Fund and \$43,489 for the Water Fund.

Unearned Revenue

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

Unavailable Revenue

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

Long-Term Debt

In the government-wide financial statements and enterprise fund type statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discount.

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-Term Debt (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

In government-wide financial statements, pensions are recognized and disclosed using the accrual basis of accounting (see Note 10 and the RSI section immediately following the notes to financial statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability of the qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as of the City's fiscal year-end or the City's proportionate share thereof in the case of a cost sharing multiple-employer plan. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred.

Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants including retirees, in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they arose. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

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

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63 and GASB Statement No. 65, the City recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. Refer to Notes 9 and 10 for a detailed listing of the deferred outflows and deferred inflows of resources the City has recognized.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Classification of Net Position

In the government-wide financial statements and proprietary fund statements, net position is classified in the following categories:

Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

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

When both restricted and unrestricted net position are available, restricted resources are depleted first before the unrestricted resources are used.

Fund Balances

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

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned - This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned - This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the City.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Formal budgetary integration is employed as a management control device during the year for all Governmental Fund types and Proprietary Fund types. These budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- b. The City Council approves the line-item budget appropriations and approves all additions or transfers of budgeted amounts.
- c. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
- d. The Budget amounts shown in the financial statements are the final authorized amounts revised during the year.
- e. Budgeted amounts may be transferred between line items within departments with the City Manager's approval.

Encumbrances

The City does not utilize encumbrance accounting.

B. Deficit Fund Balance

Governmental Funds

Nonmajor Funds:

Capital Projects Funds:

General Services	\$	58,333
Streets Projects	\$	44,249

The City expects to eliminate these deficits through future revenues and/or transfers from the General Fund.

C. Excess of Expenditures over Appropriations

As of June 30, 2020, expenditures exceeded appropriations in individual funds as follows:

Governmental Funds	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
Major Funds:			
General Fund			
Current:			
Public works	\$ 631,683	\$ 608,756	\$ (22,927)
Community development	\$ 579,499	\$ 431,276	\$ (148,223)
Debt service:			
Principal	\$ 19,000	\$ -	\$ (19,000)
Interest and fiscal charges	\$ 2,998	\$ -	\$ (2,998)
Local Transportation Fund - Article 8 Special Revenue Fund			
Debt service:			
Principal	\$ 17,254	\$ -	\$ (17,254)

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 12,831,649
Restricted cash and investments with fiscal agents	461,418

Fiduciary Funds:

Cash and investments	116,784
Total cash and investments	<u>\$ 13,409,851</u>

Cash and investments as of June 30, 2020 consist of the following:

Cash on hand	\$ 700
Deposits with financial institutions	12,144,811
Investments	1,264,340
Total cash and investments	<u>\$ 13,409,851</u>

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

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investments 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. The City's investment policy does not contain any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debts 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio or Amount	Maximum Investment of One Issuer or Amount
U.S. Treasury obligations	5 years	None	None
U.S. Agency securities	5 years	None	None
Bankers acceptances	180 days	40%	30%
Commercial paper	270 days	25%	10%
National certificates of deposit	5 years	30%	Legal Limit
Repurchase agreements	1 year	None	None
Medium-term notes	5 years	30%	None
Mutual accounts	N/A	20%	10%
Money market accounts	N/A	20%	10%
Local agency investment fund (LAIF)	N/A	None	None

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. 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 maintaining funds in liquid, short-term investments which can be converted to cash when necessary to meet disbursement requirements.

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	Fair Value	Remaining Maturity (in months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
State Investment Pool	\$ 802,921	\$ 802,921	\$ -	\$ -	\$ -
Commercial Paper	164,244	164,244	-	-	-
Certificates of Deposits	-	-	-	-	-
Held by Bond Trustee:					
Money Market	16,567	16,567	-	-	-
Federal Agency Coupon Securities	280,608	161,799	118,809	-	-
Total	<u>\$ 1,264,340</u>	<u>\$ 1,145,531</u>	<u>\$ 118,809</u>	<u>\$ -</u>	<u>\$ -</u>

C. Disclosures Relating to Credit Risk

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

Investment Type	Amount	Ratings as of Year-End			
		AAA	AA+	A	Not Rated
State Investment Pool	\$ 802,921	\$ -	\$ -	\$ -	\$ 802,921
Commercial Paper	164,244	-	-	-	164,244
Held by Bond Trustee:					
Money Market	16,567	-	-	-	16,567
Federal Agency Coupon Securities	280,608	-	280,608	-	-
Total	<u>\$ 1,264,340</u>	<u>\$ -</u>	<u>\$ 280,608</u>	<u>\$ -</u>	<u>\$ 983,732</u>

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 – CASH AND INVESTMENTS (Continued)

D. Concentration of Credit Risk

Concentration of credit risk is the risk that the failure of any one issuer would place an undue financial burden on the City. The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated in the California Government Code. As of June 30, 2020, there were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total pooled investment.

E. Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a city will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterpart (e.g., broker-dealer) to a transaction, a city 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 the state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under the state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2020, the carrying amount of the City's bank deposits was \$12,144,811, and the respective bank balances totaled \$12,160,323, the total amount of which was collateralized with pooled securities held by the financial institution's trust department. These securities are held in the name of the financial institution and not in the name of the City.

In addition, as of June 30, 2020, none of the City's investments with financial institutions were held in uncollateralized accounts.

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

F. Local Agency Investment Fund

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. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals to and from LAIF are transferred on the basis of \$1 and not fair value. Accordingly, under the fair value hierarchy, LAIF is uncategorized.

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 – CASH AND INVESTMENTS (Continued)

G. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30, 2020:

Investments by Fair Value Level	Amount	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Commercial paper	\$ 164,244	\$ -	\$ 164,244	\$ -
	164,244	<u>\$ -</u>	<u>\$ 164,244</u>	<u>\$ -</u>
Investments not subject to fair value hierarchy:				
State Investment Pool	802,921			
Held by Bond Trustee:				
Money Market Funds	16,567			
Federal Agency Coupon Securities	280,608			
	<u>\$ 1,264,340</u>			

In determining fair value, the City's custodians use various methods including market and income approaches. Based on these approaches, the City's custodians utilize certain assumptions that market participants would use in pricing the asset or liability. The City's custodians utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Various inputs are used in determining the value of the City's investments and other financial instruments. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. These inputs are summarized in the three broad levels: Level 1 – quoted prices in active markets for identical investments, Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.) and Level 3 – significant unobservable inputs (including the City's own assumptions in determining the fair value of investments).

According to GASB 72, money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less should be measured at amortized cost, and as such, are not shown in the fair value hierarchy. Additionally, the City's LAIF is not presented, as the amount available for withdrawal is based on amortized cost.

NOTE 4 – FORGIVABLE LOANS

The City administers a housing rehabilitation loan program. Under this program, individuals with incomes below certain levels are eligible to receive forgivable loans for rehabilitation work on their homes. Forgivable loans are not required to be paid back unless the participating homeowner sells, transfers title to the rehabilitated property, or discontinues residence in the dwelling, at which time the full amount of the deferred loan is due. Such loans totaled \$130,638 as of June 30, 2020.

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 – INTERFUND ACTIVITIES

Interfund balances for the purpose of the government-wide statements have been eliminated. The composition of interfund balances in the fund level statements as of June 30, 2020, is as follows:

A. Current Interfund Receivables/Payables

Current interfund balances are generally short-term loans to cover temporary cash deficits in various funds and are expected to be repaid shortly after the end of the fiscal year. The City's interfund receivables and payables consisted of the following at June 30, 2020:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Funds		
Major Funds:		
General Fund	\$ 206,659	\$ -
Fire Station Capital Projects Fund	-	108,089
Nonmajor Funds:		
Capital Projects Funds:		
General Services	-	18,252
Streets Projects	-	80,318
	<u> </u>	<u> </u>
Total	<u>\$ 206,659</u>	<u>\$ 206,659</u>

B. Long-Term Interfund Advances

Long-term interfund advances are advances to other funds that are not expected to be repaid in one year or less. The City's long-term interfund advances consisted of the following at June 30, 2020:

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
Governmental Funds		
Major Funds:		
Debt Service Fund	\$ 378,000	\$ -
Enterprise Fund		
Water Fund	-	80,000
Fiduciary Fund		
Successor Agency Private Purpose Trust Fund	-	298,000
	<u> </u>	<u> </u>
Total	<u>\$ 378,000</u>	<u>\$ 378,000</u>

The Fowler Public Financing Authority (PFA) issued Refunding Revenue Bonds in the amount of \$4,435,000 in August 2012. The Fowler PFA fund loaned \$150,000 to the Water Fund and \$457,000 to the Fowler Successor Agency as part of the bond allocation. The proceeds from the bonds were used to refund the \$4,190,000 principal amount outstanding on the 1993 and 1994 Revenue Bonds and pay the costs of issuance of the bonds. The final payment of the loan is scheduled for September 15, 2023. The loan balances are \$80,000 for the Water Fund and \$298,000 for the Successor Agency as of June 30, 2020.

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 – INTERFUND ACTIVITIES (Continued)

C. Transfers

Transfers for the year ended June 30, 2020 are summarized as follows:

	Transfers	
	In	Out
Governmental Funds		
Major Funds:		
General Fund	\$ 3,322 (3)	\$ 40,300 (1)
Debt Service Fund	120,000 (1),(2)	-
Fire Station Capital Projects Fund	19,900 (1)	-
Nonmajor Funds:		
Special Revenue Funds:		
Gas Tax	-	99,600 (2)
Water Well Maintenance	-	403,250 (4)
Groundwater Recharge CID Fund	-	158,260 (4)
Capital Projects Funds:		
Streets Projects	-	3,322 (3)
Enterprise Fund		
Water Fund	561,510 (4)	-
Total	<u>\$ 704,732</u>	<u>\$ 704,732</u>

- (1) The General Fund transferred \$20,400 to the Debt Service Fund to pay for the 1993 Senior Center Sublease local obligation payments and \$19,900 to the Fire Station Capital Projects Fund as a contribution for the new fire station construction.
- (2) The Gas Tax Special Revenue Fund transferred \$99,600 to the Debt Service Fund to pay for the Merced Street Improvement local obligation payment.
- (3) The Street Projects Capital Projects Fund transferred \$3,322 to the General Fund to fund street grant expenditures.
- (4) The Well Water Maintenance and Groundwater Recharge CID Funds transferred \$403,250 and \$158,260, respectively, to the Water Enterprise Fund. Management determined that the nature of the activity of these funds would be more appropriately classified within the Water Enterprise Fund.

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 – COMMUNITY LOANS RECEIVABLE

As part of the City's development plan, the City of Fowler applied for and received Community Development Block Grants (CDBG) the from U.S. Department of Housing and Urban Development. These grants are used to provide loan funding for small businesses in the City of Fowler. The purpose is to develop growth and create jobs in the community of Fowler. The loans are made at reasonable rates. The total loans receivable for the CDBG community loans is \$325,865 and is presented on the City's Statement of Net Position financial statements as noted below:

	<u>Community Loans Receivable</u>
2% loan to Dale Brisco, Inc. due in monthly installments of \$644 including principal and interest.	\$ 5,933
2% loan to La Quinta due in monthly installments of \$2,583 including principal and interest.	260,925
No interest loan to Espana & Associates due in monthly installments of \$119.	4,879 *
No interest loan to Borga Steel Buildings and Components due in monthly installments of \$833.	<u>54,127</u>
Total CDBG Loans Receivable	<u>\$ 325,864</u>

*Loans in arrears as of June 30, 2020.

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – CAPITAL ASSETS

A. Governmental Activities

Capital assets activity of the governmental activities for the year ended June 30, 2020 is as follows:

	Balance June 30, 2019 (Restated)	Additions	Reductions	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 1,132,979	\$ -	\$ -	\$ 1,132,979
Right of ways	7,447,189	-	-	7,447,189
Construction in progress	1,575,966	1,337,723	-	2,913,689
 Total capital assets not being depreciated	 10,156,134	 1,337,723	 -	 11,493,857
Capital assets being depreciated:				
Buildings and improvements	2,864,159	323,367	(133,525)	3,054,001
Machinery and equipment	2,183,629	121,920	-	2,305,549
Infrastructure	15,396,107	-	-	15,396,107
 Total capital assets being depreciated	 20,443,895	 445,287	 (133,525)	 20,755,657
Less accumulated depreciation for:				
Buildings and improvements	(1,140,071)	(80,826)	12,017	(1,208,880)
Machinery and equipment	(2,020,823)	(64,604)	-	(2,085,427)
Infrastructure	(6,946,649)	(206,616)	-	(7,153,265)
 Total accumulated depreciation, net	 (10,107,543)	 (352,046)	 12,017	 (10,447,572)
 Total capital assets being depreciated, net	 10,336,352	 93,241	 (121,508)	 10,308,085
 Governmental activities capital assets, net	 \$ 20,492,486	 \$ 1,430,964	 \$ (121,508)	 \$ 21,801,942

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

Governmental activities:	
General government	\$ 233,790
Public safety	32,515
Public works	68,246
Community development	662
Parks and recreation	16,833
 Total depreciation expense - governmental activities	 \$ 352,046

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 – CAPITAL ASSETS (Continued)

B. Business-Type Activities

Capital assets activity of the business-type activities for the year ending June 30, 2020 is as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
Water Fund:				
Capital assets not being depreciated:				
Land	\$ 255,392	\$ -	\$ -	\$ 255,392
Construction in progress	<u>-</u>	<u>5,577</u>	<u>-</u>	<u>5,577</u>
Total capital assets not being depreciated	<u>255,392</u>	<u>5,577</u>	<u>-</u>	<u>260,969</u>
Capital assets being depreciated:				
Buildings and improvements	12,186	-	-	12,186
Machinery and equipment	480,718	46,278	-	526,996
Infrastructure	<u>6,077,395</u>	<u>-</u>	<u>-</u>	<u>6,077,395</u>
Total capital assets being depreciated	<u>6,570,299</u>	<u>46,278</u>	<u>-</u>	<u>6,616,577</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,466)	(487)	-	(4,953)
Machinery and equipment	(253,249)	(31,056)	-	(284,305)
Infrastructures	<u>(2,433,108)</u>	<u>(151,935)</u>	<u>-</u>	<u>(2,585,043)</u>
Total accumulated depreciation, net	<u>(2,690,823)</u>	<u>(183,478)</u>	<u>-</u>	<u>(2,874,301)</u>
Total capital assets being depreciated, net	<u>3,879,476</u>	<u>(137,200)</u>	<u>-</u>	<u>3,742,276</u>
Business-type activities capital assets, net	<u>\$ 4,134,868</u>	<u>\$ (131,623)</u>	<u>\$ -</u>	<u>\$ 4,003,245</u>

Depreciation expense of \$183,478 was charged to the Water Fund as of June 30, 2020.

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – LONG-TERM LIABILITIES

The following is a summary of the long-term liabilities' transactions of the City for governmental activities for the year ended June 30, 2020:

	Balance June 30, 2019 (Restated)	Incurred or Issued	Satisfied or Matured	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
<i>Direct Borrowings:</i>					
FUSD Land Purchase Note	\$ 54,000	\$ -	\$ -	\$ 54,000	\$ 54,000
Energy Efficiency Retrofit Loan	34,509	-	(17,254)	17,255	17,255
2018 Certificates of Participation	93,443	968,243	(19,000)	1,042,686	20,000
<i>Total direct borrowings</i>	181,952	968,243	(36,254)	1,113,941	91,255
2010 Refunding Revenue Bond	2,020,000	-	(315,000)	1,705,000	330,000
Compensated absences	116,355	16,137	-	132,492	132,492
Governmental activities long-term liabilities	<u>\$ 2,318,307</u>	<u>\$ 984,380</u>	<u>\$ (351,254)</u>	<u>\$ 2,951,433</u>	<u>\$ 553,747</u>

The following is a summary of the long-term liabilities' transactions of the City for business-type activities for the year ended June 30, 2020:

	Balance June 30, 2019	Incurred or Issued	Satisfied or Matured	Balance June 30, 2020	Due Within One Year
Business-Type Activities:					
<i>Direct Borrowings:</i>					
State of California Department of Resources Note	\$ 2,623	\$ -	\$ -	\$ 2,623	\$ 2,623
<i>Direct Placements:</i>					
Certificates of Participation	1,566,600	-	(35,800)	1,530,800	37,300
<i>Total Direct Borrowings and Placements</i>	1,569,223	-	(35,800)	1,533,423	39,923
Compensated absences	37,392	6,097	-	43,489	43,489

2010 Refunding Revenue Bond

The Fowler Public Financing Authority issued Refunding Revenue Bonds in the amount of \$4,435,000 in August 2012. The proceeds from the bonds were used to refund the \$4,190,000 principal amount outstanding on the 1993 and 1994 Revenue Bonds and pay the costs of issuance of the bonds. The Bonds mature through September 2024 with interest ranging from 2% to 5.10% payable semi-annually on March 15 and September 15. The bonds are secured by each project's sources of revenue including General Fund, Gas Tax, Tax Increment, County Local Transportation Fund, Measure C and net revenues from user fees collected by the Water fund. There is a provision whereby if the City is unable to make payment or does not comply with bond covenants, the Trustee may declare the principal of the bonds outstanding and the accrued interest thereon to be due and payable immediately.

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – LONG-TERM LIABILITIES (Continued)

2010 Refunding Revenue Bond (Continued)

The following is a schedule of the future estimated minimum payments related to the 2010 Refunding Revenue Bond at June 30, 2020:

Year Ended June 30	Principal	Interest	Totals
2021	\$ 330,000	\$ 78,375	\$ 408,375
2022	355,000	61,073	416,073
2023	375,000	42,458	417,458
2024	645,000	16,448	661,448
Total	<u>\$ 1,705,000</u>	<u>\$ 198,354</u>	<u>\$ 1,903,354</u>

2018 Certificates of Participation

On December 18, 2018, the City was awarded a loan from the United States Department of Agriculture, Rural Development Division for a total of \$1,316,950. The purpose of the loan is for the construction of a Fire Station for the City of Fowler. As of June 30, 2020, the City has drawn \$1,061,686 at a stated interest rate of not more than 2.375% per annum. Principal payments will be due on September 1 of each year. Interest is due semi-annually on March 1 and September 1 of each year. There is a provision whereby if the City is unable to make payment, does not comply with covenants, or files for reorganization or rearrangement, the trustee may declare the entire unpaid principal and interest immediately due and payable.

The annual requirements to amortize \$1,042,686 in funds drawn to date and the balance to yet be disbursed of the 2018 Certificates of Participation outstanding as of June 30, 2020, are as follows:

Year Ended June 30	Principal	Interest	Totals
2021	\$ 20,000	\$ 19,390	\$ 39,390
2022	20,000	29,392	49,392
2023	21,000	28,905	49,905
2024	22,000	28,394	50,394
2025	22,000	27,872	49,872
2026-2030	121,000	130,987	251,987
2031-2035	137,000	115,716	252,716
2036-2040	153,000	98,497	251,497
2041-2045	172,000	79,200	251,200
2046-2050	195,000	57,481	252,481
2051-2055	220,000	32,840	252,840
2056-2060	164,547	6,885	171,432
Total	<u>\$ 1,267,547</u>	<u>\$ 655,559</u>	<u>\$ 1,923,106</u>

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 – LONG-TERM LIABILITIES (Continued)

FUSD Land Purchase Note

On February 24, 2010, the City purchased 8 acres of land located at South and Sunnyside Avenues for a price of \$432,000 payable in 8 annual installments of \$54,000 at no interest. Payments to commence January 6, 2011, and annually thereafter on or before January 6th until paid in full. As of June 30, 2020, the outstanding balance is \$54,000. There is a provision in the loan whereby in the event of default, the unpaid aggregate principal components of the loan and the interest accrued thereon, will become immediately due and payable.

Energy Efficiency Retrofit Loan

In October 2014, the City received a loan of \$112,153 from Pacific Gas & Electric to complete energy conservation measures related to street lighting. The loan calls for monthly payments of \$1,435 until April 2021 and bears no interest. As of June 30, 2020, the outstanding balance is \$17,255. There is a provision in the loan whereby in the event of default, the unpaid aggregate principal components of the loan and the interest accrued thereon, will become immediately due and payable.

Certificates of Participation

On September 2, 2004, the City was awarded a loan from the United States Department of Agriculture, Rural Development Division, for a total of \$1,935,000. The purpose of the loan is for water system improvements. As of June 30, 2020, the City has drawn \$1,665,100 at a stated interest rate of not more than 4.375% per annum. Principal payments will be due on September 15 of each year. Interest is due semi-annually on March 15 and September 15 of each year. The amount of the note is secured by the pledge of user fees collected by the Water Fund. There is a provision whereby if the City is unable to make payment, does not comply with covenants, or files for reorganization or rearrangement, the trustee may declare the entire unpaid principal and interest immediately due and payable.

The annual requirements to amortize certificates of participation outstanding as of June 30, 2020, are as follows:

Year Ended June 30	Principal	Interest	Totals
2021	\$ 37,300	\$ 66,157	\$ 103,457
2022	38,900	64,490	103,390
2023	40,700	62,748	103,448
2024	42,400	60,931	103,331
2025	44,300	59,034	103,334
2026-2030	252,300	263,683	515,983
2031-2035	312,600	202,112	514,712
2036-2040	387,100	125,871	512,971
2041-2045	375,200	33,705	408,905
Total	<u>\$ 1,530,800</u>	<u>\$ 938,731</u>	<u>\$ 2,469,531</u>

State of California Department of Water Resources Note

The State of California Department of Water Resources note is due in annual installments based upon a changing percentage of the original principal amount. The interest for the first five years of the note was deferred and is being paid in equal installments over the remaining life of the note. As of June 30, 2020, the outstanding balance is \$2,623. There is a provision in the loan whereby in the event of default, the unpaid aggregate principal components of the loan and the interest accrued thereon, will become immediately due and payable.

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has pension related items that qualify to be reported in deferred outflows of resources. The pension related deferred outflows of resources are described in detail in Note 10.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has pension related items that qualify to be reported in deferred inflows of resources. The pension related deferred inflows of resources are described in detail in Note 10.

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

	General Fund	Local Transportation Fund - Article 8	Other Governmental Funds	Total Governmental Funds
Transient occupancy tax revenue	\$ 39,181	\$ -	\$ -	\$ 39,181
Intergovernmental revenue	99,201	440,107	9,417	548,725
Deferred housing loans	-	-	130,638	130,638
	<u>\$ 138,382</u>	<u>\$ 440,107</u>	<u>\$ 140,055</u>	<u>\$ 718,544</u>

NOTE 10 – DEFINED BENEFIT PENSION PLAN

California Public Employees' Retirement Plan (CalPERS)

A. General Information about the Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City of Fowler's (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.

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

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

The rate plan provisions and benefits in effect at are summarized as follows:

	Miscellaneous	
	1st Tier	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of annual salary	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	6.75%
Required employer contribution rates	13.182%	6.985%

	Safety	
	1st Tier	PEPRA
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of annual salary	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9%	12.0%
Required employer contribution rates	20.073%	13.034%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$333,492 for the fiscal year ended.

Contributions –Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

The City's contributions to the plan recognized as pension expense for the year ended were \$511,142.

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

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

As of June 30, 2020, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$4,565,556.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 was as follows:

Proportion - June 30, 2018	0.0445%
Proportion - June 30, 2019	0.0446%
Change - Increase (Decrease)	0.0001%

For the year ended June 30, 2020, the City recognized pension expense of \$957,643. At , the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 585,312	-
Changes of assumptions	205,641	61,130
Differences between actual and expected experience	304,503	9,779
Net differences between projected and actual earnings on plan investments	-	73,105
Change in employer's proportion	33,017	63,657
Differences between the employer's actual contributions and the employer's proportionate share of contributions	44,386	-
Total	<u>\$ 1,172,859</u>	<u>\$ 207,671</u>

\$585,312 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2021	\$ 373,736
2022	(39,552)
2023	31,108
2024	14,584
2025	-
Thereafter	-

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

C. Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	3.30% - 14.20% ⁽¹⁾
Investment Rate of Return	7.15% ⁽²⁾
Mortality	Derived from CalPERS Membership Data for all Funds ⁽³⁾

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

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

⁽³⁾ The mortality table was developed based on CalPERS specific data.

The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

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

Change of Assumptions – In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

D. Discount Rate

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

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

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

D. Discount Rate (Continued)

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

The expected real rates of return by asset class are as follows:

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

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

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

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

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

Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
\$ 6,762,897	\$ 4,565,556	\$ 2,757,094

E. Pension Plan Fiduciary Net Position

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

**CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

F. Payable to the Pension Plan

The City did not have an outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

NOTE 11 – DEFERRED COMPENSATION

The City does not provide administrative nor investment advice for the Plan. Therefore, the City is not required to report the Plan assets and has excluded them from their financial statements.

NOTE 12 – RISK MANAGEMENT

A. Central San Joaquin Valley Risk Management Authority

The City is a member of the Central San Joaquin Valley Risk Management Authority (CSJVRMA), a public entity risk pool for workers' compensation and general liability insurance. The CSJVRMA is a consortium of 54 cities located in California's San Joaquin Valley. It was established under the provisions of California Government Code Section 6500 et. seq. CSJVRMA is governed by a Board of Directors consisting of one member appointed by each member city. The day-to-day business operations are handled by a management group employed by CSJVRMA. The relationship between the City and CSJVRMA is such that CSJVRMA is not considered a component unit of the City for financial reporting purposes.

The City is covered for the first \$1,000,000 of each general liability claim and \$350,000 of each worker's compensation claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under \$25,000 and worker's compensation losses under \$10,000. The CSJVRMA participates in an excess pool which provides general liability coverage from \$1,000,000 to \$10,000,000 and purchases excess reinsurance from \$10,000,000 to \$15,000,000. The CSJVRMA participates in an excess pool which provides worker's compensation coverage from \$350,000 to \$500,000 and purchases excess reinsurance above \$500,000 to the statutory limit.

At the termination of the joint venture agreement and after all claims have been settled, any excess or deficit will be divided among the cities in proportion to the aggregate amount of contribution made by each.

At June 30, 2020, the City reported \$160,458 as deposits with others in the Governmental Funds, related to the general liability and workers' compensation programs.

The annual financial report may be obtained from the consortium's executive office at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

B. Municipalities, Colleges, Schools Insurance Group

The Municipalities, Colleges, Schools Insurance Group (MCSIG) is a public risk sharing pool established pursuant to a Joint Powers Agreement effective November 22, 1982, for the purpose of providing a program of employee health coverage to its member organizations. MCSIG includes member school districts, colleges, municipalities, and special districts and covers more than 8,000 employees plus their dependents in the medical, dental and vision programs. A member may voluntarily withdraw from MCSIG after having completed three consecutive years as a member. Public Agency Coalition Enterprise (PACE) is an at large district that is a member organization of MCSIG. The City of Fowler has an agreement with PACE and hence is considered a member of MCSIG. The relationship between the City and MCSIG is such that MCSIG is not a component unit of the City for financial reporting purposes.

**CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 – CONTINGENT LIABILITIES AND COMMITMENTS

A. General Liability

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

B. Federal Awards

The City has received federal awards for specific purposes that are subject to review and audit by the federal government. Although such audits could result in expenditure disallowances under award terms, any required reimbursements are not expected to be material.

C. COVID-19

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

NOTE 14 – FOWLER REDEVELOPMENT SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND

On February 1, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with Assembly Bill 1X26 (the "Bill") which dissolved all redevelopment agencies in the State of California.

Under the control of an oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution of the redevelopment agency (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies are only allocated revenue in the amount that is necessary to pay estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

CITY OF FOWLER
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 – RESTATEMENT OF BEGINNING NET POSITION/FUND BALANCE

A. Prior Period Adjustments

Governmental and Business-Type Activities

Beginning net position of the Governmental Activities in the Government-Wide Statement of Activities and certain account balances not affecting net position in the Business-Type Activities has been restated to record a prior period adjustment as presented in the reconciliation below:

Description	Governmental Activities
Beginning net position	\$ 27,594,065
Prior period adjustment:	
Cash and investments	(36,064)
Due from other governments	92,996
Community loans receivable	468,959
Capital assets	38,063
Long-term debt	<u>(43,443)</u>
Total prior period adjustments	<u>520,511</u>
Beginning net position, as restated	<u><u>\$ 28,114,576</u></u>

Fund Financial Statements

The City has determined that certain transactions were recorded incorrectly in the prior year. The beginning fund balances/net position of the funds identified below have been restated as presented in the following reconciliation:

Description	Governmental Funds				Fiduciary Fund
	Major Funds		Nonmajor Funds		Fowler Successor Agency Private-Purpose Trust Fund
	General Fund	Fire Station Project Capital Projects Fund	Community Development Block Grant (CDBG) Special Revenue Fund	Streets Projects Capital Projects Fund	
Beginning fund balance/net position	\$ 5,007,351	\$ 195,772	\$ 795,743	\$ (92,401)	\$ (271,932)
Prior period adjustment:					
Cash and investments	(45,971)	-	9,907	-	36,064
Due from other governments	-	43,444	-	49,553	-
Community loans receivable	-	-	468,959	-	-
Long-term debt	-	-	-	-	9,907
Unavailable revenue	<u>-</u>	<u>-</u>	<u>(468,959)</u>	<u>-</u>	<u>-</u>
Total prior period adjustments	<u>(45,971)</u>	<u>43,444</u>	<u>9,907</u>	<u>49,553</u>	<u>45,971</u>
Beginning fund balance/net position, as restated	<u><u>\$ 4,961,380</u></u>	<u><u>\$ 239,216</u></u>	<u><u>\$ 805,650</u></u>	<u><u>\$ (42,848)</u></u>	<u><u>\$ (225,961)</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF FOWLER
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amount			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 612,140	\$ 612,140	\$ 940,243	\$ 328,103
Sales taxes	2,430,000	2,430,000	2,711,236	281,236
Franchise taxes	336,200	336,200	364,257	28,057
Utility users taxes	380,000	380,000	450,566	70,566
Other taxes	115,000	115,000	139,149	24,149
Payments in lieu of taxes	625,000	625,000	715,887	90,887
Licenses and permits	632,350	632,350	486,643	(145,707)
Intergovernmental revenue	710,888	710,888	176,443	(534,445)
Fines and penalties	9,000	9,000	13,047	4,047
Use of money and property	26,250	26,250	30,202	3,952
Charges for services	171,025	171,025	112,498	(58,527)
Miscellaneous	57,000	57,000	109,191	52,191
Total revenues	6,104,853	6,104,853	6,249,362	144,509
EXPENDITURES				
Current:				
General governmental	1,161,937	1,161,937	1,136,940	24,997
Public safety	2,021,769	2,021,769	2,017,161	4,608
Public works	608,756	608,756	631,683	(22,927)
Community development	431,276	431,276	579,499	(148,223)
Culture and recreation	193,533	193,533	183,769	9,764
Capital outlay	675,897	675,897	445,159	230,738
Debt service				
Principal	-	-	19,000	(19,000)
Interest and fiscal charges	-	-	2,998	(2,998)
Total expenditures	5,093,168	5,093,168	5,016,209	76,959
Excess (deficiency) of revenues over (under) expenditures	1,011,685	1,011,685	1,233,153	221,468
OTHER FINANCING SOURCES (USES)				
Operating transfers in	345,000	345,000	3,322	(341,678)
Operating transfers out	(584,983)	(584,983)	(40,300)	544,683
Sale of general capital assets	-	-	292,204	292,204
Total other financing sources (uses)	(239,983)	(239,983)	255,226	495,209
Net change in fund balances	771,702	771,702	1,488,379	716,677
Fund balances - beginning, restated	4,961,380	4,961,380	4,961,380	-
Fund balances - ending	\$ 5,733,082	\$ 5,733,082	\$ 6,449,759	\$ 716,677

CITY OF FOWLER
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
LOCAL TRANSPORTATION FUND – ARTICLE 8
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue	\$ 170,602	\$ 170,602	\$ -	\$ (170,602)
Use of money and property	<u>300</u>	<u>300</u>	<u>107</u>	<u>(193)</u>
Total revenues	<u>170,902</u>	<u>170,902</u>	<u>107</u>	<u>(170,795)</u>
EXPENDITURES				
Current:				
Public works	100,737	100,737	85,626	15,111
Debt service				
Principal	<u>-</u>	<u>-</u>	<u>17,254</u>	<u>(17,254)</u>
Total expenditures	<u>100,737</u>	<u>100,737</u>	<u>102,880</u>	<u>(2,143)</u>
Net change in fund balances	70,165	70,165	(102,773)	(172,938)
Fund balances - beginning, restated	<u>251,136</u>	<u>251,136</u>	<u>251,136</u>	<u>-</u>
Fund balances - ending	<u>\$ 321,301</u>	<u>\$ 321,301</u>	<u>\$ 148,363</u>	<u>\$ (172,938)</u>

**CITY OF FOWLER
REQUIRED SUPPLEMENTARY INFORMATION
COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 YEARS*
AS OF JUNE 30, 2020**

	2016	2017	2018	2019	2020
Proportion of the net pension liability	0.4720%	0.0446%	0.0440%	0.0445%	0.0446%
Proportionate share of the net pension liability	\$ 3,236,451	\$ 3,856,008	\$ 4,363,092	\$ 4,291,238	\$ 4,565,556
Covered payroll	\$ 1,558,059	\$ 1,732,590	\$ 1,783,798	\$ 1,594,792	\$ 1,691,707
Proportionate share of the net pension liability as percentage of covered payroll	207.72%	222.56%	244.60%	269.08%	269.88%
Plan fiduciary net position as a percentage of the total pension liability	72.42%	69.20%	69.34%	71.42%	71.83%

NOTES TO SCHEDULE

Changes in Benefit Terms - None

Changes in Assumptions - In December 2017, the CalPERS Board of Administration adopted new mortality assumptions for plans participating in Public Employees' Retirement Fund (PERF), the inflation assumption was reduced from 2.75 percent to 2.50 percent, and the assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.50 percent

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

**CITY OF FOWLER
REQUIRED SUPPLEMENTARY INFORMATION
COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
LAST 10 YEARS*
AS OF JUNE 30, 2020**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially required contribution (actuarially determined)	\$ 408,694	\$ 424,070	\$ 453,902	\$ 454,404	\$ 511,142	\$ 585,312
Contributions in relation to the actuarially determined contributions	<u>408,694</u>	<u>424,070</u>	<u>453,902</u>	<u>454,404</u>	<u>511,142</u>	<u>585,312</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,558,059	\$ 1,732,590	\$ 1,783,798	\$ 1,594,792	\$ 1,691,707	\$ 1,820,008
Contributions as a percentage of covered payroll	26.23%	24.48%	25.45%	28.49%	30.21%	32.16%

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

SUPPLEMENTARY INFORMATION

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**CITY OF FOWLER
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

Nonmajor Special Revenue Funds

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

The **Gas Tax Fund** accounts for revenues and expenditures apportioned to the City under the Streets and Highway Code, Sections 2103, 2105, 2106, 2107, and 2107.5 of the State of California. Expenditures for administration, maintenance, and construction must be street related.

The **Traffic Congestion Relief Fund** accounts for revenues and expenditures apportioned to the City to improve traffic mobility and relieve congestion, connect transportation systems, and provide for better goods movement

The **Local Transportation Fund – Article 3 Fund** receives its funding from State Local Transportation Funds which are administered and disbursed by the Fresno Council of Governments (FCOG). This program is commonly referred to as LTF Article 3 because of its identifying section in the State Public Utilities Code. Article 3 funds are restricted to pedestrian bicycle and sidewalk use.

The **Measure C Fund** receives its funding from a 1/2% sales tax increase approved by Fresno County voters in November 1986. Funds are used for rehabilitation of existing streets, curb, gutter, sidewalk, and drainage systems. The Measure C Tax was extended by voter approval through 2026.

The **Road Maintenance and Rehab Act (SB1) Fund** accounts for revenues and expenditures apportioned to the City for the purpose of maintaining and rehabilitating public roads.

The **Community Development Block Grant (CDBG) Fund** is used to account separately for state revenues to assist in development activities.

Nonmajor Capital Projects Funds

The **Capital Projects Funds** are established to account for resources used for the acquisition and constructions of capital facilities by the City, except for those financed for enterprise funds.

The **General Services Fund** is used to account for developer fees provided for equipment, construction, and maintenance of general City assets.

The **Law Enforcement Impact Fee Fund** is used to account for developer fees provided for purchase of vehicles and equipment for the Police Department.

The **Fire Impact Fee Fund** is used to account for developer fees provided for purchase of vehicles and equipment for the Fire Department.

The **Street Maintenance Impact Fee Fund** accounts for fees charged to new development to mediate their impact on Arterial streets. This portion of the fee is for improvements to main arterial streets.

The **Parks Impact Fee Fund** accounts for fees charged to new development to mediate their impact on parks and recreation.

The **Water Impact Fee Fund** accounts for fees charged to new development to supplement the cost of new water facilities in the City.

**CITY OF FOWLER
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

Nonmajor Capital Projects Funds (Continued)

The **Sewer Impact Fee Fund** accounts for fees charged to new development to fund the expansion and oversize of sewer mains as and sewer lift stations. Selma Kingsburg Fowler Sanitation District (SKF) is responsible for the operations, maintenance, and financial duties. The City oversees these operations.

The **Storm Drain Impact Fee Fund** administers the funds collected from developers for the expansion of storm drain system facilities and improvements to aged infrastructure.

The **99/Merced Signalization Fund** is used to account for the accumulation of resources for, and the repayment of, City bonds, interest and related costs.

The **Streets Projects Fund** is used to account for improvements to local streets and roads using grant proceeds and other sources designated by City Council for this purpose.

**CITY OF FOWLER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Combined Special Revenue Funds	Combined Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 1,878,524	\$ 2,898,264	\$ 4,776,788
Intergovernmental receivable	61,749	121,143	182,892
Community loans receivable	456,503	-	456,503
	<u>2,396,776</u>	<u>3,019,407</u>	<u>5,416,183</u>
Total assets	<u>\$ 2,396,776</u>	<u>\$ 3,019,407</u>	<u>\$ 5,416,183</u>
LIABILITIES			
Accounts payable	\$ 25,245	\$ 128,613	\$ 153,858
Retainage payable	-	3,217	3,217
Due to other funds	-	98,570	98,570
	<u>25,245</u>	<u>230,400</u>	<u>255,645</u>
Total liabilities	<u>25,245</u>	<u>230,400</u>	<u>255,645</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	140,055	-	140,055
	<u>140,055</u>	<u>-</u>	<u>140,055</u>
Total deferred inflows of resources	<u>140,055</u>	<u>-</u>	<u>140,055</u>
FUND BALANCES (DEFICITS)			
Restricted:			
Public safety	-	540,569	540,569
Public works	1,425,846	1,995,306	3,421,152
Community development	805,630	-	805,630
Culture and recreation	-	355,714	355,714
Unassigned	-	(102,582)	(102,582)
	<u>2,231,476</u>	<u>2,789,007</u>	<u>5,020,483</u>
Total fund balances	<u>2,231,476</u>	<u>2,789,007</u>	<u>5,020,483</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,396,776</u>	<u>\$ 3,019,407</u>	<u>\$ 5,416,183</u>

CITY OF FOWLER
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Combined Special Revenue Funds	Combined Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenue	\$ 523,809	\$ 195,570	\$ 719,379
Use of money and property	22,629	713	23,342
Charges for services	<u>-</u>	<u>413,534</u>	<u>413,534</u>
Total revenues	<u>546,438</u>	<u>609,817</u>	<u>1,156,255</u>
EXPENDITURES			
Current:			
Public works	26,739	334,273	361,012
Community development	22,520	-	22,520
Capital outlay	<u>2,993</u>	<u>17,163</u>	<u>20,156</u>
Total expenditures	<u>52,252</u>	<u>351,436</u>	<u>403,688</u>
Excess (deficiency) of revenues over (under) expenditures	<u>494,186</u>	<u>258,381</u>	<u>752,567</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers out	<u>(661,110)</u>	<u>(3,322)</u>	<u>(664,432)</u>
Total other financing sources (uses)	<u>(661,110)</u>	<u>(3,322)</u>	<u>(664,432)</u>
Net change in fund balances	(166,924)	255,059	88,135
Fund balances - beginning, restated	<u>2,398,400</u>	<u>2,533,948</u>	<u>4,932,348</u>
Fund balances - ending	<u>\$ 2,231,476</u>	<u>\$ 2,789,007</u>	<u>\$ 5,020,483</u>

**CITY OF FOWLER
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020**

	Gas Tax	Traffic Congestion Relief	Local Transportation Fund - Article 3	Measure C	Road Maintenance and Rehabilitation Act (SB1)	Community Development Block Grant (CDBG)	Water Well Maintenance	Groundwater Recharge CID Fund	Totals
ASSETS									
Cash and investments	\$ 35,046	\$ 14,463	\$ 28,669	\$ 1,166,578	\$ 153,983	\$ 479,785	\$ -	\$ -	\$ 1,878,524
Intergovernmental receivable	-	-	9,417	12,363	17,469	22,500	-	-	61,749
Community loans receivable	-	-	-	-	-	456,503	-	-	456,503
Total assets	<u>\$ 35,046</u>	<u>\$ 14,463</u>	<u>\$ 38,086</u>	<u>\$ 1,178,941</u>	<u>\$ 171,452</u>	<u>\$ 958,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,396,776</u>
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ 2,725	\$ -	\$ 22,520	\$ -	\$ -	\$ 25,245
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,725</u>	<u>-</u>	<u>22,520</u>	<u>-</u>	<u>-</u>	<u>25,245</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue	-	-	9,417	-	-	130,638	-	-	140,055
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>9,417</u>	<u>-</u>	<u>-</u>	<u>130,638</u>	<u>-</u>	<u>-</u>	<u>140,055</u>
FUND BALANCES (DEFICITS)									
Restricted:									
Public works	35,046	14,463	28,669	1,176,216	171,452	-	-	-	1,425,846
Community development	-	-	-	-	-	805,630	-	-	805,630
Total fund balances	<u>35,046</u>	<u>14,463</u>	<u>28,669</u>	<u>1,176,216</u>	<u>171,452</u>	<u>805,630</u>	<u>-</u>	<u>-</u>	<u>2,231,476</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 35,046</u>	<u>\$ 14,463</u>	<u>\$ 38,086</u>	<u>\$ 1,178,941</u>	<u>\$ 171,452</u>	<u>\$ 958,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,396,776</u>

CITY OF FOWLER
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Gas Tax	Traffic Congestion Relief	Local Transportation Fund - Article 3	Measure C	Road Maintenance and Rehabilitation Act (SB1)	Community Development Block Grant (CDBG)	Water Well Maintenance	Groundwater Recharge CID Fund	Totals
REVENUES									
Intergovernmental revenue	\$ 145,346	\$ 7,425	\$ -	\$ 256,640	\$ 114,398	\$ -	\$ -	\$ -	\$ 523,809
Use of money and property	-	-	-	129	-	22,500	-	-	22,629
Total revenues	145,346	7,425	-	256,769	114,398	22,500	-	-	546,438
EXPENDITURES									
Current:									
Public works	26,739	-	-	-	-	-	-	-	26,739
Community development	-	-	-	-	-	22,520	-	-	22,520
Capital outlay	-	-	-	2,993	-	-	-	-	2,993
Total expenditures	26,739	-	-	2,993	-	22,520	-	-	52,252
Excess (deficiency) of revenues over (under) expenditures	118,607	7,425	-	253,776	114,398	(20)	-	-	494,186
OTHER FINANCING SOURCES (USES)									
Operating transfers out	(99,600)	-	-	-	-	-	(403,250)	(158,260)	(661,110)
Total other financing sources (uses)	(99,600)	-	-	-	-	-	(403,250)	(158,260)	(661,110)
Net change in fund balances	19,007	7,425	-	253,776	114,398	(20)	(403,250)	(158,260)	(166,924)
Fund balances - beginning, restated	16,039	7,038	28,669	922,440	57,054	805,650	403,250	158,260	2,398,400
Fund balances - ending	\$ 35,046	\$ 14,463	\$ 28,669	\$ 1,176,216	\$ 171,452	\$ 805,630	\$ -	\$ -	\$ 2,231,476

**CITY OF FOWLER
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2020**

	General Services	Law Enforcement Impact Fee	Fire Impact Fee	Streets Impact Fee	Parks Impact Fee	Water Impact Fee	Sewer Impact Fee	Storm Drain Impact Fee	99/Merced Signalization	Streets Projects	Totals
ASSETS											
Cash and investments	\$ -	\$ 410,692	\$ 129,877	\$ 79,025	\$ 355,714	\$ 413,669	\$ 1,177,355	\$ 111,706	\$ 220,226	\$ -	\$ 2,898,264
Intergovernmental receivable	-	-	-	-	-	-	-	-	-	121,143	121,143
Total assets	\$ -	\$ 410,692	\$ 129,877	\$ 79,025	\$ 355,714	\$ 413,669	\$ 1,177,355	\$ 111,706	\$ 220,226	\$ 121,143	\$ 3,019,407
LIABILITIES											
Accounts payable	\$ 40,081	\$ -	\$ -	\$ -	\$ -	\$ 6,675	\$ -	\$ -	\$ -	\$ 81,857	\$ 128,613
Retainage payable	-	-	-	-	-	-	-	-	-	3,217	3,217
Due to other funds	18,252	-	-	-	-	-	-	-	-	80,318	98,570
Total liabilities	58,333	-	-	-	-	6,675	-	-	-	165,392	230,400
FUND BALANCES (DEFICITS)											
Restricted:											
Public safety	-	410,692	129,877	-	-	-	-	-	-	-	540,569
Public works	-	-	-	79,025	-	406,994	1,177,355	111,706	220,226	-	1,995,306
Culture and recreation	-	-	-	-	355,714	-	-	-	-	-	355,714
Unassigned	(58,333)	-	-	-	-	-	-	-	-	(44,249)	(102,582)
Total fund balances	(58,333)	410,692	129,877	79,025	355,714	406,994	1,177,355	111,706	220,226	(44,249)	2,789,007
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 410,692	\$ 129,877	\$ 79,025	\$ 355,714	\$ 413,669	\$ 1,177,355	\$ 111,706	\$ 220,226	\$ 121,143	\$ 3,019,407

CITY OF FOWLER
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Services	Law Enforcement Impact Fee	Fire Impact Fee	Streets Impact Fee	Parks Impact Fee	Water Impact Fee	Sewer Impact Fee	Storm Drain Impact Fee	99/Merced Signalization	Streets Projects	Totals
REVENUES											
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,570	\$ 195,570
Use of money and property	31	99	174	-	17	90	259	21	22	-	713
Charges for services	11,102	34,713	44,711	-	114,867	49,046	149,483	9,612	-	-	413,534
Total revenues	11,133	34,812	44,885	-	114,884	49,136	149,742	9,633	22	195,570	609,817
EXPENDITURES											
Current:											
Public works	147,009	-	-	4,103	-	6,675	-	-	-	176,486	334,273
Capital outlay	-	-	-	-	-	-	-	-	-	17,163	17,163
Total expenditures	147,009	-	-	4,103	-	6,675	-	-	-	193,649	351,436
Excess (deficiency) of revenues over (under) expenditures	(135,876)	34,812	44,885	(4,103)	114,884	42,461	149,742	9,633	22	1,921	258,381
OTHER FINANCING SOURCES (USES)											
Operating transfers out	-	-	-	-	-	-	-	-	-	(3,322)	(3,322)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	(3,322)	(3,322)
Net change in fund balances	(135,876)	34,812	44,885	(4,103)	114,884	42,461	149,742	9,633	22	(1,401)	255,059
Fund balances - beginning, restated	77,543	375,880	84,992	83,128	240,830	364,533	1,027,613	102,073	220,204	(42,848)	2,533,948
Fund balances - ending	\$ (58,333)	\$ 410,692	\$ 129,877	\$ 79,025	\$ 355,714	\$ 406,994	\$ 1,177,355	\$ 111,706	\$ 220,226	\$ (44,249)	\$ 2,789,007