

*City of Santa Paula,
California*

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position - Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	20
Statement of Cash Flows - Proprietary Funds	21
Statement of Fiduciary Net Position	22
Statement of Changes in Fiduciary Net Position	23
Notes to Financial Statements	24
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund	64
Schedule of Changes in the City's Total OPEB Liability	65
Schedule of the City's Proportionate Share of the Net Pension Liability	66
Schedule of Plan Contributions	67
Notes to Required Supplementary Information	68

TABLE OF CONTENTS (Continued)

	Page
Supplementary Information	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	71
Combining Balance Sheet - Nonmajor Special Revenue Funds	72
Combining Balance Sheet - Nonmajor Capital Projects Funds	76
Combining Balance Sheet - Nonmajor Permanent Funds	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds.....	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Fund	86



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscca.net

Independent Auditor's Report

PARTNERS

Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradferd A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Brenda L. Odle, CPA, MST (Partner Emeritus)

MANAGERS / STAFF

Gardenya Duran, CPA, CGMA
Brianna Schultz, CPA, CGMA
Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Laura Arvizu, CPA
Xinlu Zoe Zhang, CPA, MSA
John Maldonado, CPA, MSA
Thao Le, CPA, MBA
Julia Rodriguez Fuentes, CPA, MSA
Demi Hite, CPA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

*Employee Benefit Plan
Audit Quality Center*

California Society of
Certified Public Accountants

The Honorable City Council
City of Santa Paula, California

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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



Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 accompanying supplementary information 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 12, 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 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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
June 12, 2022

City of Santa Paula

Management's Discussion and Analysis For the Year Ended June 30, 2021

As management of the City of Santa Paula (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2020-21 by \$69,987,679 (*net position*).
- The City's total net position increased by \$10,795,266 from the 2019-20 fiscal year mainly attributable to regular current operating activities along with an decrease in construction in progress related expenses.
- As of the close of fiscal year 2020-21, the City's governmental activities reported combined ending Net Position of \$23,086,749 an increase of \$4,892,495 from the ending balance of 2020, which was \$18,194,254. The net position of \$150,179 is expendable funds and \$819,806 is nonexpendable funds (endowments/trusts), \$10,830,363 restricted net position (grant funds and bond proceeds), and \$(17,771,839) negative is (unrestricted net position) available for spending with some government discretion.
- At the end of fiscal year 2020-21, unrestricted fund balance (the total of the committed and unassigned components of fund balance) for the General Fund is \$8,179,998 or 55.8% of total General Fund expenditures. This is an increase of \$1,387,349 from fiscal year 2019-20 largely due to reclassifications of committed funds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

City of Santa Paula

Management's Discussion and Analysis For the Year Ended June 30, 2021

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets, economic development, and culture and recreation. The business-type activities of the City include Water and Sewer enterprises.

The government-wide financial statements include not only the City itself (known as *the primary government*), but also a legally separate Financing Authority for which the City of Santa Paula is financially accountable. Financial information for *these component units* is included in the financial information presented for the primary government itself. The Water and Sewer enterprises, function for all practical purposes as departments of the City, and therefore have been included as an integral part of the *primary* government. Also, as of February 1, 2012 the Santa Paula Redevelopment Agency became the Designated Local Authority for the former Santa Paula Redevelopment Agency, a Successor Agency Private purpose trust fund with the City reporting as fiduciary funds.

The government-wide financial statements can be found on pages 13-14 of this report.

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

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

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

City of Santa Paula

Management's Discussion and Analysis For the Year Ended June 30, 2021

The City maintains twenty-three individual active governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in the fund balances for the General Fund (which is made up of nine separate internal funds), which is considered to be a major fund. Data from the other forty-one active governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

Proprietary funds. The City maintains three different types of proprietary funds: *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer operations. These funds are reported separately as Proprietary Funds.

Internal Service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer operations, which are considered to be major funds of the City. The internal service fund for Equipment Maintenance is combined into the General Fund classification, aggregated presentation in the governmental fund financial statements.

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

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

The City maintains two different types of fiduciary funds. The Custodial Funds account for funds held in trust for specific purposes and the Private Purpose Trust Fund accounts for the Successor agency for the Santa Paula Redevelopment agency.

The basic Fiduciary fund financial statements can be found on pages 22-23 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-63 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's General Fund Actual to Budget comparison. Required supplementary information can be found on page 64-68 of this report.

City of Santa Paula

Management's Discussion and Analysis For the Year Ended June 30, 2021

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 71-86 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$69,987,679 at the close of fiscal year 2020-21.

Government-Wide Financial Statements
Table 1: Summary of Net Position

	June 30, 2021			June 30, 2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Assets						
Current and other assets	\$ 22,788,183	\$ 36,417,272	\$ 59,205,455	\$ 17,684,725	\$ 40,483,065	\$ 58,167,790
Capital assets (net of depreciating)	30,028,225	127,995,249	158,023,474	29,264,919	125,762,638	155,027,557
Total Assets	<u>52,816,408</u>	<u>164,412,521</u>	<u>217,228,929</u>	<u>46,949,644</u>	<u>166,245,703</u>	<u>213,195,347</u>
Deferred Outflows of Resources						
Deferred charges on refundings	-	11,133,499	11,133,499	-	6,379,517	6,379,517
Pension related	5,421,700	713,545	6,135,245	4,628,883	651,185	5,280,068
OPEB related	584,015	181,405	765,420	798,851	79,007	877,858
Total Deferred Outflows of Resources	<u>6,005,715</u>	<u>12,028,449</u>	<u>18,034,164</u>	<u>5,427,734</u>	<u>7,109,709</u>	<u>12,537,443</u>
Liabilities						
Long-term liabilities outstanding	29,190,746	125,638,207	154,828,953	29,033,073	125,440,905	154,473,978
Other liabilities	4,055,689	3,437,091	7,492,780	4,102,667	6,742,470	10,845,137
Total Liabilities	<u>33,246,435</u>	<u>129,075,298</u>	<u>162,321,733</u>	<u>33,135,740</u>	<u>132,183,375</u>	<u>165,319,115</u>
Deferred Inflows of Resources						
Pension actuarial amounts	1,286,211	91,155	1,377,366	960,781	165,313	1,126,094
OPEB actuarial amounts	1,202,728	373,587	1,576,315	86,603	8,565	95,168
Total Deferred Inflows of Resources	<u>2,488,939</u>	<u>464,742</u>	<u>2,953,681</u>	<u>1,047,384</u>	<u>173,878</u>	<u>1,221,262</u>
Net investment in capital assets						
Restricted	30,028,225	23,765,203	53,793,428	28,949,999	15,920,744	44,870,743
Unrestricted	10,830,363	6,181,101	17,011,464	6,747,310	13,963,842	20,711,152
Total Net Position	<u>\$ 23,086,749</u>	<u>\$ 46,900,930</u>	<u>\$ 69,987,679</u>	<u>\$ 18,194,254</u>	<u>\$ 40,998,159</u>	<u>\$ 59,192,413</u>

A large portion (almost all) of the City's net position include \$53,793,428 (76.9 percent) as its net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (24.3%) represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the City is able to report a positive balance in net position for Investments in Capital Assets and restricted purposes. Separately, the City's governmental *unrestricted net position* shows a negative balance of \$(817,213), which is an increase in net position of \$5,572,269 from the previous year's figure of \$(6,389,482).

City of Santa Paula

Management's Discussion and Analysis For the Year Ended June 30, 2021

The business-type activities *unrestricted net position* show a positive balance of \$16,954,626 a increase of \$5,841,053 over the fiscal year 2020-21's balance of \$11,113,573. These unrestricted funds can only be used for Water and Sewer activities. The Water fund has \$6,081,101 restricted under Cash with Fiscal Agent while the Sewer Fund has \$100,000 for rate stabilization. These funds are related to the Bond Issues.

Government-Wide Financial Statements
Table 2: Summary of Changes in Net Position

	June 30, 2021			June 30, 2020		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Revenues						
Charges for services	\$ 3,768,492	\$ 22,866,148	\$ 26,634,640	\$ 5,065,210	\$ 20,845,495	\$ 25,910,705
Operating grants	4,584,707	-	4,584,707	2,302,498	-	2,302,498
Capital grants	3,096,566	-	3,096,566	8,147,115	785,766	8,932,881
General revenues:						
Property taxes	4,331,524	-	4,331,524	3,980,793	-	3,980,793
Sales taxes	6,912,274	-	6,912,274	5,853,239	-	5,853,239
Other taxes	896,317	-	896,317	952,117	-	952,117
Investments	33,252	15,317	48,569	203,922	670,779	874,701
Other revenues	198,223	109,000	307,223	818,429	-	818,429
Transfers	(369,337)	369,337	-	-	-	-
Total Revenues	<u>23,452,018</u>	<u>23,359,802</u>	<u>46,811,820</u>	<u>27,323,323</u>	<u>22,302,040</u>	<u>49,625,363</u>
Expenses						
General administration	1,261,645	-	1,261,645	1,093,908	-	1,093,908
Building and safety	711,255	-	711,255	566,959	-	566,959
Community services	2,848,437	-	2,848,437	2,694,027	-	2,694,027
Financial services	686,556	-	686,556	647,517	-	647,517
Fire	35,568	-	35,568	122,456	-	122,456
Planning	783,581	-	783,581	1,037,513	-	1,037,513
Police	9,131,313	-	9,131,313	10,185,851	-	10,185,851
Public works	3,101,168	-	3,101,168	4,981,196	-	4,981,196
Interest	-	-	-	5,464	-	5,464
Water	-	8,091,572	8,091,572	-	8,670,438	8,670,438
Sewer	-	9,365,459	9,365,459	-	9,677,535	9,677,535
Total Expenses	<u>18,559,523</u>	<u>17,457,031</u>	<u>36,016,554</u>	<u>21,334,891</u>	<u>18,347,973</u>	<u>39,682,864</u>
Change in Net Position	4,892,495	5,902,771	10,795,266	5,988,432	3,954,067	9,942,499
Beginning Net Position	18,194,254	40,998,159	59,192,413	12,205,822	37,044,092	49,249,914
Ending Net Position	<u>\$ 23,086,749</u>	<u>\$ 46,900,930</u>	<u>\$ 69,987,679</u>	<u>\$ 18,194,254</u>	<u>\$ 40,998,159</u>	<u>\$ 59,192,413</u>

Governmental activities. Governmental activities increased the City's net position by \$4,892,495 for the current year. The increases in net position are explained in further detail on page 14 of the report. Expenses for governmental activities decreased from \$21,334,891 in 2020 to \$18,559,523 in 2021, a decrease of \$2,775,368. This decrease is largely due decrease in public works related construction in progress related expenditures.

Business-type activities. Business-type activities increased the City's net position by \$5,902,771.

City of Santa Paula

Management's Discussion and Analysis For the Year Ended June 30, 2021

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined total ending fund balances of \$18,732,494.

The General Fund is the chief operating fund of the City. At June 30, 2021, the unassigned fund balance for the General Fund was \$6,970,857, while total fund balance reached \$8,183,291. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 47.6 percent of the total General Fund expenditures, while total fund balance represents 55.9 percent of that same amount. The City's unassigned General Fund balance, increased by \$178,208 during the current fiscal year.

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

The net position of the Water and Sewer enterprises at the end of the year amounted to \$46,900,930 an increase of \$5,902,771 from the fiscal year ended 2019-20. The net position for the proprietary funds – water increased \$3,305,957 and sewer increased \$2,596,814. Other factors concerning the finances of these funds are addressed in the discussion of the City's business-type activities.

Statement of Revenues, Expenses and Changes in Net Position

Table 3: Proprietary Funds

	Water	Sewer	Total
Operating revenues	\$ 11,091,380	\$ 11,774,768	\$ 22,866,148
Operating expenses	6,994,265	6,705,493	13,699,758
Operating income (loss)	4,097,115	5,069,275	9,166,390
Total Non-Operating Revenues (Expenses)	(987,004)	(2,645,952)	(3,632,956)
Capital contributions	-	-	-
Transfers in	195,846	369,337	565,183
Transfers out	-	(195,846)	(195,846)
Change in Net Position	3,305,957	2,596,814	5,902,771
Total Net Position, Beginning	20,202,395	20,795,764	40,998,159
Total Net Position, Ending	\$ 23,508,352	\$ 23,392,578	\$ 46,900,930

City of Santa Paula

Management's Discussion and Analysis For the Year Ended June 30, 2021

General Fund Budgetary Highlights

The actual General Fund revenue ended \$1,044,161 over the final budgeted amount. There were minor budget adjustments during the fiscal year to the final revenue budget. Revenues overall were approximately 6.6% above the budgeted estimates. The General Fund revenue final budget vs. actual breakdown is as follows:

- Taxes \$1,051,388 over budget estimates primarily due to an increase in sales tax payments stemming from higher than projected revenue during the pandemic.
- Licenses and Permits \$669,343 over budget estimates due to increased building activity, and \$580,996 under projections in Charges for services due to no longer recognizing the passthrough expenses in the general fund.
- Intergovernmental \$148,770 under budget estimates due to a variety of combined factors, including a shortfall of reimbursements for school resource officer billings and COVID FEMA reimbursements.
- Fines and Forfeitures \$48,232 over budget estimates due to increased revenue from vehicle code fines.
- Investment Earnings shortfall of \$49,634 due to low rate of returns on LAIF investments.
- Other Revenue \$54,598 over budget estimates primarily due to revenue from worker's compensation reimbursements that were not anticipated.

Differences between the final budget and the actual expenditures for the operating departments varied considerably.

- General Governmental \$35,861 under budget estimates due to salary savings from vacant positions.
- Building & Safety \$34,556 under budget estimates due to staffing shortages.
- Community Services \$304,882 under budget estimates due to a lack of activities from the pandemic's impact on recreational activities and gatherings.
- Financial Services \$48,066 under budget estimates due to staff shortages.
- Planning \$329,010 under budget estimates due to the pass through of development activity in the Deposits fund not being recognized as expenses in the general fund.
- Police \$35,397 under budget estimates.
- Public Works \$2,607,812 under budget estimates due to capital improvement projects not being fully completed, most notably the Police Department remodel which had over a million-dollar budget with zero expenses.

Overall, the General Fund expenditures came in under budget by \$3,395,584 or 18.8% of budgeted estimates.

City of Santa Paula

Management's Discussion and Analysis For the Year Ended June 30, 2021

General Fund Budgetary Highlights (continued)

**General Fund Budgetary Highlights
Table 4**

Revenues	
Taxes	\$ 1,051,388
Licenses and permits	669,343
Intergovernmental	(148,770)
Charges for services	(580,996)
Fines and forfeitures	48,232
Investment earnings	(49,634)
Other revenue	54,598
Total Revenue Over/(Under) Budget	\$ 1,044,161
Expenditures	
General government	\$ 35,861
Building and safety	34,556
Community services	304,882
Financial services	48,066
Planning	329,010
Police	35,397
Public works	2,607,812
Total Expenditures (Over)/Under Budget	\$ 3,395,584

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2021, amounts to \$158,023,474 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements other than buildings, machinery and equipment, as well as construction in progress.

The value of the City's assets has increased by \$2,995,917 during this reporting period. Additional information on the City's capital assets can be found in Note 5 on pages 38-39 in this report.

**Capital Assets
Table 5**

	(Net of Depreciation)		
	Governmental Activities	Business-Type Activities	Total
Land	\$ 489,183	\$ 7,104,082	\$ 7,593,265
Construction in progress	2,133,380	6,644,620	8,778,000
Buildings and system	1,777,264	70,034,635	71,811,899
Machinery and equipment	1,065,577	29,514,920	30,580,497
Water rights	-	13,834,827	13,834,827
Improvements other than buildings	24,562,821	862,165	25,424,986
Total Capital Assets	\$ 30,028,225	\$ 127,995,249	\$ 158,023,474

City of Santa Paula

Management's Discussion and Analysis For the Year Ended June 30, 2021

Capital Asset and Debt Administration (continued)

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$121,444,646 (excluding pension/OPEB liabilities, compensated absences and claims liability). This is a decrease of \$2,925,885 from the prior year's level of \$124,370,531. Governmental activities has no outstanding debt. Business-Type activities decreased by \$2,925,885, largely due to refunding of debt and principal payments for the Enterprise Revenue bonds.

Additional information on the City's long-term debt can be found in Note 7 on pages 41 to 46 of this report.

**Outstanding Debt
Table 5**

	Business-Type Activities	Total
Lease Revenue Bonds:		
Water 2019	\$ 34,940,000	\$ 34,940,000
Add: Premium	6,304,965	6,304,965
Wastewater 2015A	10,210,000	10,210,000
Wastewater 2020A	3,765,000	3,765,000
Add: Premium	738,181	738,181
Wastewater 2020B	64,990,000	64,990,000
Notes payable	496,500	496,500
Total	<u>\$ 121,444,646</u>	<u>\$ 121,444,646</u>

Next Year's Budgets and Rates

In 2019 the Council adopted a five-year water and sewer rate increase. The first increase went into effect on January 1, 2020. Additional increases will occur at the start of every fiscal year through July 1, 2024.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City, Finance Director, P. O. Box 569, Santa Paula, CA 93061.

BASIC FINANCIAL STATEMENTS

This page left intentionally blank.

City of Santa Paula

Statement of Net Position June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 19,926,786	\$ 26,245,199	\$ 46,171,985
Cash - restricted	4	6,090,547	6,090,551
Receivables:			
Accounts, net of allowance	2,524,174	3,662,586	6,186,760
Loans, net	333,930	-	333,930
Prepays	3,289	418,940	422,229
Capital assets, not being depreciated	2,622,563	27,583,529	30,206,092
Capital assets, net of accumulated depreciation	27,405,662	100,411,720	127,817,382
Total Assets	52,816,408	164,412,521	217,228,929
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refundings	-	11,133,499	11,133,499
Pension related	5,421,700	713,545	6,135,245
OPEB related	584,015	181,405	765,420
Total Deferred Outflows of Resources	6,005,715	12,028,449	18,034,164
LIABILITIES			
Accounts payable and accrued liabilities	2,200,767	1,676,351	3,877,118
Accrued interest payable	-	1,760,740	1,760,740
Deposits	1,854,922	-	1,854,922
Noncurrent Liabilities:			
Due within one year	297,358	2,890,196	3,187,554
Due more than one year	1,512,574	118,580,983	120,093,557
Net pension liability	24,986,737	3,423,389	28,410,126
Total OPEB liability	2,394,077	743,639	3,137,716
Total Liabilities	33,246,435	129,075,298	162,321,733
DEFERRED INFLOWS OF RESOURCES			
Pension related	1,286,211	91,155	1,377,366
OPEB related	1,202,728	373,587	1,576,315
Total Deferred Inflows of Resources	2,488,939	464,742	2,953,681
NET POSITION			
Net investment in capital assets	30,028,225	23,765,203	53,793,428
Restricted for:			
Capital projects	3,819,711	6,081,101	9,900,812
Debt service	-	-	-
Development	1,380,530	-	1,380,530
Public safety	1,479,945	-	1,479,945
Rate stabilization	-	100,000	100,000
Street projects	1,322,391	-	1,322,391
Transportation and other purposes	1,857,801	-	1,857,801
Trust and endowments:			
Expendable	150,179	-	150,179
Nonexpendable	819,806	-	819,806
Unrestricted	(17,771,839)	16,954,626	(817,213)
Total Net Position	\$ 23,086,749	\$ 46,900,930	\$ 69,987,679

The accompanying notes are an integral part of these financial statements.

City of Santa Paula

Statement of Activities For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 1,261,645	\$ 343,776	\$ 842,031	\$ 12,375	\$ (63,463)	\$ -	\$ (63,463)
Building and safety	711,255	2,308,318	-	-	1,597,063	-	1,597,063
Community services	2,848,437	157,032	346,978	1,031,395	(1,313,032)	-	(1,313,032)
Financial services	686,556	32,418	-	-	(654,138)	-	(654,138)
Fire	35,568	-	-	-	(35,568)	-	(35,568)
Planning	783,581	128,780	-	-	(654,801)	-	(654,801)
Police	9,131,313	690,947	1,878,554	17,233	(6,544,579)	-	(6,544,579)
Public works	3,101,168	107,221	1,517,144	2,035,563	558,760	-	558,760
Interest on long-term debt	-	-	-	-	-	-	-
Total Governmental Activities	<u>18,559,523</u>	<u>3,768,492</u>	<u>4,584,707</u>	<u>3,096,566</u>	<u>(7,109,758)</u>	<u>-</u>	<u>(7,109,758)</u>
Business-type Activities:							
Water	8,091,572	11,091,380	-	-	-	2,999,808	2,999,808
Sewer	9,365,459	11,774,768	-	-	-	2,409,309	2,409,309
Total Business-type Activities	<u>17,457,031</u>	<u>22,866,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,409,117</u>	<u>5,409,117</u>
Total Government	<u>\$ 36,016,554</u>	<u>\$26,634,640</u>	<u>\$ 4,584,707</u>	<u>\$ 3,096,566</u>	<u>(7,109,758)</u>	<u>5,409,117</u>	<u>(1,700,641)</u>
General Revenues:							
Property taxes					4,331,524	-	4,331,524
Sales taxes					6,912,274	-	6,912,274
Transient occupancy taxes					84,317	-	84,317
Franchise taxes					812,000	-	812,000
Business license taxes					127,145	-	127,145
Unrestricted investment earnings					33,252	15,317	48,569
Miscellaneous revenues					58,578	-	58,578
Gain on disposal					12,500	109,000	121,500
Transfers					(369,337)	369,337	-
Total General Revenues and Transfers					<u>12,002,253</u>	<u>493,654</u>	<u>12,495,907</u>
Change in Net Position					4,892,495	5,902,771	10,795,266
Net Position, Beginning					18,194,254	40,998,159	59,192,413
Net Position, Ending					<u>\$ 23,086,749</u>	<u>\$ 46,900,930</u>	<u>\$ 69,987,679</u>

The accompanying notes are an integral part of these financial statements.

City of Santa Paula

**Balance Sheet
Governmental Funds
June 30, 2021**

	General	Non-major Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 9,045,466	\$ 10,881,320	\$ 19,926,786
Cash - restricted	4	-	4
Receivables			
Accounts	2,092,721	431,453	2,524,174
Loans receivable	4,430	329,500	333,930
Due from other funds	221,302	-	221,302
Advances to other funds	-	28,006	28,006
Prepays	3,289	-	3,289
 Total Assets	 <u>\$ 11,367,212</u>	 <u>\$ 11,670,279</u>	 <u>\$ 23,037,491</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,328,999	\$ 871,768	\$ 2,200,767
Deposits	1,854,922	-	1,854,922
Due to other funds	-	221,302	221,302
Advances from other funds	-	28,006	28,006
 Total Liabilities	 <u>3,183,921</u>	 <u>1,121,076</u>	 <u>4,304,997</u>
FUND BALANCE (DEFICITS)			
Nonspendable	7,719	819,806	827,525
Restricted	4	10,007,436	10,007,440
Committed	1,209,141	-	1,209,141
Unassigned	6,966,427	(278,039)	6,688,388
 Total Fund Balances	 <u>8,183,291</u>	 <u>10,549,203</u>	 <u>18,732,494</u>
 Total Liabilities and Fund Balances	 <u>\$ 11,367,212</u>	 <u>\$ 11,670,279</u>	 <u>\$ 23,037,491</u>

The accompanying notes are an integral part of these financial statements.

City of Santa Paula

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2021

Fund balances of governmental funds		\$ 18,732,494
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		30,028,225
Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability and Total OPEB Liability are not reported in the funds.		
Deferred outflows related to pensions	\$ 5,421,700	
Deferred inflows related to pensions	(1,286,211)	
Deferred outflows related to OPEB	584,015	
Deferred inflows related to OPEB	<u>(1,202,728)</u>	3,516,776
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(594,716)	
Claims liabilities	(1,215,216)	
Net pension liability	(24,986,737)	
Total OPEB liability	<u>(2,394,077)</u>	<u>(29,190,746)</u>
Net position of governmental activities		<u>\$ 23,086,749</u>

The accompanying notes are an integral part of these financial statements.

City of Santa Paula

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021**

	General	Non-major Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 12,228,246	\$ 1,366,413	\$ 13,594,659
Licenses and permits	1,868,493	-	1,868,493
Intergovernmental	868,744	4,351,306	5,220,050
Charges for services	1,716,279	1,372,776	3,089,055
Fines and forfeitures	120,732	-	120,732
Investment earnings	4,966	28,485	33,451
Other revenues	59,698	14,599	74,297
	<u>16,867,158</u>	<u>7,133,579</u>	<u>24,000,737</u>
EXPENDITURES			
Current:			
General government	1,116,989	66,390	1,183,379
Building and safety	446,515	55,950	502,465
Community services	1,546,514	596,652	2,143,166
Financial services	624,389	3,817	628,206
Fire	-	13,662	13,662
Planning	710,582	-	710,582
Police	8,393,427	104,936	8,498,363
Public works	1,809,591	2,930,293	4,739,884
	<u>14,648,007</u>	<u>3,771,700</u>	<u>18,419,707</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,219,151</u>	<u>3,361,879</u>	<u>5,581,030</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,153,871	1,153,871
Transfers out	<u>(1,205,774)</u>	<u>(317,434)</u>	<u>(1,523,208)</u>
Total Other Financing Sources (Uses)	<u>(1,205,774)</u>	<u>836,437</u>	<u>(369,337)</u>
Net Change in Fund Balances	1,013,377	4,198,316	5,211,693
Fund Balances, Beginning	<u>7,169,914</u>	<u>6,350,887</u>	<u>13,520,801</u>
Fund Balances, Ending	<u>\$ 8,183,291</u>	<u>\$ 10,549,203</u>	<u>\$ 18,732,494</u>

The accompanying notes are an integral part of these financial statements.

City of Santa Paula

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2021

Net change in fund balances-total governmental funds		\$ 5,211,693
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$2,654,116 exceeded depreciation and loss on disposals of \$1,890,810 and \$0, respectively, in the current period.		763,306
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(179,382)
Change in Net Pension Liability	\$ (1,155,744)	
Change in Total OPEB Liability	<u>360,211</u>	(795,533)
Claims and judgments expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		103,520
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The following represents the net change in compensated absences in the current period.		<u>(211,109)</u>
Change in net position of governmental activities		<u>\$ 4,892,495</u>

The accompanying notes are an integral part of these financial statements.

City of Santa Paula

Statement of Net Position Proprietary Funds June 30, 2021

	Business-type Activities - Enterprise Funds		
	Utility Authority		Totals
	Water	Sewer	
ASSETS			
Current assets:			
Cash and investments	\$ 14,692,948	\$ 11,552,251	\$ 26,245,199
Receivables	1,885,773	1,776,813	3,662,586
Prepays	89,972	328,968	418,940
Total Current Assets	<u>16,668,693</u>	<u>13,658,032</u>	<u>30,326,725</u>
Noncurrent assets:			
Restricted cash:			
Cash with fiscal agents	6,081,101	9,446	6,090,547
Capital Assets:			
Land	2,356,451	4,747,631	7,104,082
Water rights	13,834,827	-	13,834,827
Buildings	12,251,164	74,097,756	86,348,920
Improvements	28,574,721	8,264,092	36,838,813
Machinery and equipment	2,600,766	246,761	2,847,527
Construction in progress	2,481,390	4,163,230	6,644,620
Less: Accumulated depreciation	(14,306,478)	(11,317,062)	(25,623,540)
Total Capital Assets (Net of Accumulated Depreciation)	<u>47,792,841</u>	<u>80,202,408</u>	<u>127,995,249</u>
Total Noncurrent Assets	<u>53,873,942</u>	<u>80,211,854</u>	<u>134,085,796</u>
Total Assets	<u>70,542,635</u>	<u>93,869,886</u>	<u>164,412,521</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refundings	-	11,133,499	11,133,499
Pension related	713,545	-	713,545
OPEB related	181,405	-	181,405
Total Deferred Outflows of Resources	<u>894,950</u>	<u>11,133,499</u>	<u>12,028,449</u>
LIABILITIES			
Current liabilities:			
Accounts payable	860,630	815,721	1,676,351
Interest payable	665,270	1,095,470	1,760,740
Compensated absences	30,098	-	30,098
Bonds payable - current	1,525,000	1,335,098	2,860,098
Total Current Liabilities	<u>3,080,998</u>	<u>3,246,289</u>	<u>6,327,287</u>
Noncurrent liabilities:			
Bonds payable	39,719,965	78,364,518	118,084,483
Notes payable	496,500	-	496,500
Net pension liability	3,423,389	-	3,423,389
Total OPEB liability	743,639	-	743,639
Total Noncurrent Liabilities	<u>44,383,493</u>	<u>78,364,518</u>	<u>122,748,011</u>
Total Liabilities	<u>47,464,491</u>	<u>81,610,807</u>	<u>129,075,298</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	91,155	-	91,155
OPEB related	373,587	-	373,587
Total Deferred Inflows of Resources	<u>464,742</u>	<u>-</u>	<u>464,742</u>
NET POSITION			
Net investment in capital assets	12,132,477	11,632,726	23,765,203
Restricted for:			
Capital projects	6,081,101	-	6,081,101
Rate stabilization	-	100,000	100,000
Unrestricted	5,294,774	11,659,852	16,954,626
Total Net Position	<u>\$ 23,508,352</u>	<u>\$ 23,392,578</u>	<u>\$ 46,900,930</u>

The accompanying notes are an integral part of these financial statements.

City of Santa Paula

**Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021**

	Business-type Activities - Enterprise Funds		
	Utility Authority		
	Water	Sewer	Totals
OPERATING REVENUES			
Water sales	\$ 11,050,900	\$ -	\$ 11,050,900
Sewer sales	-	11,761,707	11,761,707
Other revenues	40,480	13,061	53,541
Total Operating Revenues	<u>11,091,380</u>	<u>11,774,768</u>	<u>22,866,148</u>
OPERATING EXPENSES			
Cost of sales	3,298,983	3,209,858	6,508,841
Administration	2,597,296	2,340,811	4,938,107
Depreciation	1,097,986	1,154,824	2,252,810
Total Operating Expenses	<u>6,994,265</u>	<u>6,705,493</u>	<u>13,699,758</u>
Operating Income (Loss)	<u>4,097,115</u>	<u>5,069,275</u>	<u>9,166,390</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	1,303	14,014	15,317
Interest expense	(1,097,307)	(2,659,966)	(3,757,273)
Gain/(Loss) on disposal of capital assets	109,000	-	109,000
Total Nonoperating Revenues (Expenses)	<u>(987,004)</u>	<u>(2,645,952)</u>	<u>(3,632,956)</u>
Income Before Transfers and Capital Contributions	<u>3,110,111</u>	<u>2,423,323</u>	<u>5,533,434</u>
Transfers in	195,846	369,337	565,183
Transfers out	-	(195,846)	(195,846)
Total Transfers	<u>195,846</u>	<u>173,491</u>	<u>369,337</u>
Change in Net Position	3,305,957	2,596,814	5,902,771
Total Net Position, Beginning	<u>20,202,395</u>	<u>20,795,764</u>	<u>40,998,159</u>
Total Net Position, Ending	<u>\$ 23,508,352</u>	<u>\$ 23,392,578</u>	<u>\$ 46,900,930</u>

The accompanying notes are an integral part of these financial statements.

City of Santa Paula

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2021

	Utility Authority		Total
	Water	Sewer	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 10,799,777	\$ 11,617,698	\$ 22,417,475
Payments to suppliers	(3,557,343)	(5,461,265)	(9,018,608)
Payments to employees for salaries and benefits	(1,685,213)	(448,045)	(2,133,258)
Net cash provided by (used for) operating activities	<u>5,557,221</u>	<u>5,708,388</u>	<u>11,265,609</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	195,846	369,337	565,183
Transfers out	-	(195,846)	(195,846)
Net cash provided by (used for) noncapital financing activities	<u>195,846</u>	<u>173,491</u>	<u>369,337</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(1,383,887)	(3,101,534)	(4,485,421)
Proceeds from sale of property	109,000	-	109,000
Proceeds from issuance of debt	-	69,125,000	69,125,000
Premium from issuance of debt	-	748,880	748,880
Bond refunding	-	(74,814,951)	(74,814,951)
Interest paid in capital debt	(1,655,693)	(2,910,670)	(4,566,363)
Principal paid on capital debt	(1,355,000)	(1,250,000)	(2,605,000)
Net cash provided by (used for) capital and related financing activities	<u>(4,285,580)</u>	<u>(12,203,275)</u>	<u>(16,488,855)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment earnings	1,303	14,014	15,317
Net cash provided by (used for) investing activities	<u>1,303</u>	<u>14,014</u>	<u>15,317</u>
Net increase (decrease) n cash and cash equivalents	1,468,790	(6,307,382)	(4,838,592)
Cash and cash equivalents, beginning	19,305,259	17,869,079	37,174,338
Cash and cash equivalents, ending	<u>\$ 20,774,049</u>	<u>\$ 11,561,697</u>	<u>\$ 32,335,746</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 4,097,115	\$ 5,069,275	\$ 9,166,390
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	1,097,986	1,154,824	2,252,810
(Increase) decrease in receivables	(291,603)	(157,070)	(448,673)
(Increase) decrease in prepaids	4,842	(328,968)	(324,126)
(Increase) decrease in deferred outflows - pensions	(62,360)	-	(62,360)
(Increase) decrease in deferred outflows - OPEB	(102,398)	-	(102,398)
Increase (decrease) in accounts payable	(58,123)	(29,673)	(87,796)
Increase (decrease) in compensated absences	(5,756)	-	(5,756)
Increase (decrease) in deferred inflows - pension	(74,158)	-	(74,158)
Increase (decrease) in deferred inflows - OPEB	365,022	-	365,022
Increase (decrease) in net pension liability	247,051	-	247,051
Increase (decrease) in total OPEB liability	339,603	-	339,603
Net cash provided by (used for) operating activities	<u>\$ 5,557,221</u>	<u>\$ 5,708,388</u>	<u>\$ 11,265,609</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Amortization of deferred charges on refunding	\$ -	\$ 216,184	\$ 216,184
Amortization of (premium)/discount on bonds	(339,281)	(14,264)	(353,545)

The accompanying notes are an integral part of these financial statements.

City of Santa Paula

Statement of Fiduciary Net Position Fiduciary Funds June 30, 2021

	Harvest CFD East Area 1 Custodial Fund	PBID Custodial Fund	Successor Agency Private-purpose Trust Fund
ASSETS			
Cash and investments	\$ 463,410	\$ 101,197	\$ 470,946
Restricted cash and investments	1,537,762	-	294,503
Receivables			
Accounts	149,698	11,158	-
Interest	356	78	(871)
Loans, net	-	-	940
	<hr/>	<hr/>	<hr/>
Total Assets	2,151,226	112,433	765,518
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Accounts payable	125	-	-
Interest payable	140,642	-	5,939
Bonds payable	20,322,837	-	1,102,877
	<hr/>	<hr/>	<hr/>
Total Liabilities	20,463,604	-	1,108,816
	<hr/>	<hr/>	<hr/>
NET POSITION			
Net position held for other agencies	<u>\$ (18,312,378)</u>	<u>\$ 112,433</u>	<u>\$ (343,298)</u>

The accompanying notes are an integral part of these financial statements.

City of Santa Paula

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021**

	Harvest CFD East Area 1 Custodial Fund	PBID Custodial Fund	Successor Agency Private-purpose Trust Fund
ADDITIONS			
Property tax collections for other agencies	\$ 1,003,941	\$ 121,217	\$ 360,847
Interest income	(397)	56	147
Total Additions	1,003,544	121,273	360,994
DEDUCTIONS			
Administrative costs	36,013	57,570	6,663
Interest on bonds	733,681	-	79,184
Payments to others on behalf of other agencies	18,241,505	-	-
Total Deductions	19,011,199	57,570	85,847
Change in Net Position	(18,007,655)	63,703	275,147
Net Position, Beginning, As Restated	(304,723)	48,730	(618,445)
Net Position, End	\$ (18,312,378)	\$ 112,433	\$ (343,298)

The accompanying notes are an integral part of these financial statements.

City of Santa Paula

Notes to Financial Statements June 30, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Description of Reporting Entity

The City of Santa Paula (the City) is a municipal corporation operating as a general law city governed by a city council of five members. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended Component Units

The Santa Paula Public Financing Authority (the Authority) is governed by the City Council of the City. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public facilities.

The Santa Paula Utility Authority (the Utility Authority) was established through a Joint Powers Agreement between the City and the Redevelopment Agency. The members of the Board of Directors of the Utility Authority are the members of the City Council of the City. The Utility Authority was established to provide financing, for purposes which are authorized by law and which could lease, own, operate, and maintain the water and wastewater enterprise, and any other utility system or service leased to the Utility Authority by the City or acquired by the Utility Authority. The Utility Authority is reported as enterprise funds.

Separate financial statements are not prepared for the Santa Paula Public Financing Authority or the Santa Paula Utility Authority.

B) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all the nonfiduciary activities of the City and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

City of Santa Paula

Notes to Financial Statements June 30, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B) Government-wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter, if any, are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*, as are the proprietary funds' and fiduciary fund financial statements. 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 revenues as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues 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 period. 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 and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and therefore have been recognized as revenues within the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue within the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental fund:

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

City of Santa Paula

Notes to Financial Statements June 30, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The City reports the following major proprietary funds:

The water and sewer funds account for the operation of the City's water distribution system and the City's sewage treatment plant, and sewage pumping stations.

The City reports the following fiduciary funds:

Harvest CFD East Area 1 Custodial Fund and the PBID Custodial Fund account for the assets held by the City in a custodial capacity. These funds include the collection of special assessments levied on various Assessment Districts and Community Facilities Districts property owners for the payment of debt service on no commitment debt.

The Successor Agency Private-purpose Trust Fund accounts for the wind down activities of the Santa Paula Redevelopment Agency.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. In the fund financial statements, quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursement fund and as revenues in the fund that is reimbursed. All other interfund transaction except quasi-external transactions and reimbursements are reported as transfers.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 principle ongoing operations. The principle operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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.

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

City of Santa Paula

Notes to Financial Statements June 30, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

During the fiscal year ended June 30, 2021, the City implemented the following GASB standard:

GASB 84 - Fiduciary Activities: This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

E) Pensions

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's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

F) Other Postemployment Benefits (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan, if any, (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position, if any, have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used: June 30, 2018 Valuation Date, June 30, 2020 Measurement Date, July 1, 2019 through June 30, 2020 Measurement Period.

G) Assets, Liabilities, and Net Position or Equity

1) Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments (including restricted assets) with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, cash equivalents represents demand deposits of proprietary funds held in financial institutions or in cash management pools where funds can be added or withdrawn at anytime without prior notice or penalty and with a maturity of three months or less from the date of acquisition.

City of Santa Paula

Notes to Financial Statements June 30, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G) Assets, Liabilities, and Net Position or Equity (continued)

1) Deposits and Investments (continued)

Investments are included within the financial statement caption "Cash and Investments." Investments for the government, as well as for its component units, are stated at their fair value, the value at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Local Agency Investment Fund operates in accordance with the appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2) Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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 non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property taxes receivable are shown net of an allowance for uncollectibles. Property taxes in the State of California are administered for all local agencies at the County level, and consist of secured, unsecured, and utility tax rolls.

Property taxes are levied as of January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at the time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax levies are limited to 1% of full market value which results in a tax of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

City of Santa Paula

Notes to Financial Statements June 30, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G) Assets, Liabilities, and Net Position or Equity (continued)

2) Receivables and Payables (continued)

The Assessor of the County of Ventura establishes property valuations for the secured and unsecured property tax rolls; the State Board of Equalization values the utility property tax roll. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978) properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property may be paid in two installments; the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on February 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.

Due to the nature of the City-wide maximum levy, it is not possible to identify general-purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, appropriations to local agencies are made by the County Auditor-Controller based primarily on the ratio that each agency represented of the total City-wide levy for the three years prior to fiscal year 1979.

The State of California FY 90-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded as net of administration fees withheld during the fiscal year.

3) Restricted Assets

Certain proceeds of the City's tax allocation refunding bonds and the enterprise fund lease revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

City of Santa Paula

Notes to Financial Statements June 30, 2021

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G) Assets, Liabilities, and Net Position or Equity (continued)

4) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000, or \$25,000 for capital projects. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets received prior to the implementation of GASB 72 were recorded at fair value on the date of donation. Donated capital assets received subsequent to the implementation of GASB 72 are recorded at acquisition value as of the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Buildings	30-50
Building improvements	10-30
Infrastructure	25-60
Vehicles	3-10
Equipment	7-10
Computer equipment	5

5) Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Cash compensations for accrued vacations are generally not payable until the employee terminates employment with the City. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the government funds only if they have matured, for example, as a result of employee resignations and retirements.

6) Long-term Obligations

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G) Assets, Liabilities, and Net Position or Equity (continued)

6) Long-term Obligations (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

7) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet for the governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City currently has two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position and the statement of net position – proprietary funds. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other items that qualify for reporting in this category are a result of the City's implementation of GASB Statement No. 68 and 75. See Notes 11 and 12 for more information.

In addition to liabilities, the statement of financial position and balance sheet for the governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item, which arises only under the modified accrual basis of accounting, and others, which are a result of the City's implementation of GASB Statement No. 68 and 75, which qualify for reporting in this category. Under the modified accrual basis of accounting, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, grant receivables, and other miscellaneous receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8) Net Position

In the Government-wide, proprietary funds, and fiduciary fund financial statements, net position is classified in the following categories.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G) Assets, Liabilities, and Net Position or Equity (continued)

8) Net Position (continued)

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 and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This category represents net position that is not externally restricted for any project or other purpose.

9) Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted net position to have been depleted before unrestricted net position.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G) Assets, Liabilities, and Net Position or Equity (continued)

10) Fund Balance

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts that may be specified by the City Council by ordinance or resolution to formally commit part of the City's fund balances or future revenues for a specific purpose(s) or program. To change or repeal any such commitment will require an additional formal City Council action utilizing the same type of action that was originally used.

Assigned Fund Balance - Amounts that are constrained by the Council's intent to use specified financial resources for specific purposes, but are neither restricted nor committed.

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

City of Santa Paula

Notes to Financial Statements June 30, 2021

2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity

The following non-major funds had deficit fund balances at June 30, 2021:

Mobile Home Rent Review	\$(114,492)
CA Oil Museum	(16,449)
NPDES Storm Water Quality	(28,053)
Park Bond Grant	(1,083)
Federal STP Grant	(117,962)

These deficits are expected to be reduced by future revenue or transfers from other funds.

3) CASH AND INVESTMENTS

The City's cash and investments consist of the following at June 30, 2021:

Statement of Net Position:	
Cash and investments	\$ 46,171,985
Restricted cash and investments	6,090,551
Statement of Fiduciary Net Position:	
Cash and investments with fiscal agent	1,035,553
Restricted cash and investments	<u>1,832,265</u>
Total Cash and Investments	<u>\$ 55,130,354</u>

Cash and Investments consist of the following:

Petty cash	\$ 5,600
Deposits with financial institutions	12,113,559
Investments	<u>43,011,195</u>
Total Cash and Investments	<u>\$ 55,130,354</u>

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

The investments are managed by the City Treasurer and Fiscal agents (Bond trustees acting in accordance with bond covenants). Investments managed by the City Treasurer are invested in accordance with the City's investment policy. Investments managed by bond trustees are invested in accordance with provisions of the respective bond agreements, which generally are in accordance with provisions of the California Government Code 53601.

City of Santa Paula

Notes to Financial Statements June 30, 2021

3) CASH AND INVESTMENTS (continued)

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

The City Treasurer has direct oversight over the City's pooled investment fund which covers cash and cash equivalents of the City's governmental funds, enterprise funds, and agency funds which are invested in accordance with the City's investment policy. The investment policy generally complies with California Government Code Section 53601. The table below identifies the investment types that are authorized by the City's investment policy and the California Government Code. The table also identifies certain provisions that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Ratings
Local Agency Investment Fund	N/A	None	None	None
Ventura County Pool	N/A	None	None	None
U.S. Treasury	3 years	None	None	None
U.S. Agencies	3 years	20%	None	AAA
State Municipal Securities	5 years	None	None	AA
California Local Agency Municipal Securities	5 years	None	None	AA
Non-Negotiable Certificates of Deposit	5 years	20%	None	A

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 rates risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 to 24 Months	25 to 60 Months	
Local Agency Investment Fund	\$42,698,281	\$ -	\$ -	\$42,698,281
Certificates of deposit	312,914	-	-	312,914
Total	<u>\$43,011,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$43,011,195</u>

City of Santa Paula

Notes to Financial Statements June 30, 2021

3) CASH AND INVESTMENTS (continued)

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 or the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Not Rated</u>	<u>Total</u>
LAIF	N/A	\$42,698,281	\$42,698,281
Certificates of deposit	N/A	312,914	312,914
Total		<u>\$43,011,195</u>	<u>\$43,011,195</u>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer (other than external investment pools) that represent 5% or more of total City investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2021, the City's had deposits of \$4,487,360 in excess of the Federal Depository Insurance Corporation's limits were held in uncollateralized accounts.

City of Santa Paula

Notes to Financial Statements June 30, 2021

3) CASH AND INVESTMENTS (continued)

Custodial Credit Risk (continued)

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

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based on 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.

Fair Value of Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

4) RECEIVABLES

Receivables as of year-end for the City's individual major funds and non-major funds in the aggregate, are as follows:

	General Fund	Water Utility	Sewer Utility	Nonmajor and Other Funds	Total Receivables
Receivables:					
Interest	\$ 7,621	\$ 9,051	\$ 8,705	\$ 5,926	\$ 31,303
Taxes	1,600,796	-	-	-	1,600,796
Accounts	60,919	1,876,722	1,768,108	-	3,705,749
Intergovernmental	423,385	-	-	425,527	848,912
Total Receivables	<u>\$ 2,092,721</u>	<u>\$ 1,885,773</u>	<u>\$ 1,776,813</u>	<u>\$ 431,453</u>	<u>\$ 6,186,760</u>

City of Santa Paula

Notes to Financial Statements June 30, 2021

5) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

Governmental Activities:	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, not depreciated:				
Land	\$ 489,183	\$ -	\$ -	\$ 489,183
Construction in progress	463,843	2,545,798	(876,261)	2,133,380
Total capital assets, not depreciated	953,026	2,545,798	(876,261)	2,622,563
Capital assets, being depreciated:				
Buildings and system	3,417,821	28,441	-	3,446,262
Machinery and equipment	4,710,272	91,293	(338,395)	4,463,170
Improvements other than buildings	36,862,932	864,845	-	37,727,777
Total capital assets, being depreciated	44,991,025	984,579	(338,395)	45,637,209
Less accumulated depreciation:				
Buildings and system	(1,550,013)	(118,985)	-	(1,668,998)
Machinery and equipment	(3,503,788)	(232,200)	338,395	(3,397,593)
Improvements other than buildings	(11,625,331)	(1,539,625)	-	(13,164,956)
Total accumulated depreciation	(16,679,132)	(1,890,810)	338,395	(18,231,547)
Net capital assets being depreciated	28,311,893	(906,231)	-	27,405,662
Governmental activities, capital assets, net	\$ 29,264,919	\$ 1,639,567	\$ (876,261)	\$ 30,028,225

City of Santa Paula

Notes to Financial Statements June 30, 2021

5) CAPITAL ASSETS (continued)

Business-Type Activities:	Balance			Balance
	June 30, 2020	Additions	Deletions	June 30, 2021
Capital assets, not depreciated:				
Land	\$ 7,104,082	\$ -	\$ -	\$ 7,104,082
Water rights	13,834,827	-	-	13,834,827
Construction in progress	<u>2,159,199</u>	<u>4,485,421</u>	<u>-</u>	<u>6,644,620</u>
 Total capital assets, not depreciated	 <u>23,098,108</u>	 <u>4,485,421</u>	 <u>-</u>	 <u>27,583,529</u>
Capital assets, being depreciated:				
Buildings and system	86,348,920	-	-	86,348,920
Improvements other than buildings	36,838,813	-	-	36,838,813
Machinery and equipment	<u>2,847,527</u>	<u>-</u>	<u>-</u>	<u>2,847,527</u>
 Total capital assets, being depreciated	 <u>126,035,260</u>	 <u>-</u>	 <u>-</u>	 <u>126,035,260</u>
Less accumulated depreciation:				
Buildings and system	(15,138,141)	(1,176,144)	-	(16,314,285)
Machinery and equipment	(6,310,930)	(1,012,963)	-	(7,323,893)
Improvements other than buildings	<u>(1,921,659)</u>	<u>(63,703)</u>	<u>-</u>	<u>(1,985,362)</u>
 Total accumulated depreciation	 <u>(23,370,730)</u>	 <u>(2,252,810)</u>	 <u>-</u>	 <u>(25,623,540)</u>
 Net capital assets being depreciated	 <u>102,664,530</u>	 <u>(2,252,810)</u>	 <u>-</u>	 <u>100,411,720</u>
 Business-type activities, capital assets, net	 <u>\$ 125,762,638</u>	 <u>\$ 2,232,611</u>	 <u>\$ -</u>	 <u>\$ 127,995,249</u>

Depreciation was charged to functions/programs of the City as follows

Governmental activities:	
General government	\$ 64,028
Community services	595,709
Fire	21,906
Building and safety	164,280
Police	143,387
Public works	<u>901,500</u>
	<u>\$ 1,890,810</u>
Business-type Activities:	
Water	\$ 1,097,986
Sewer	<u>1,154,824</u>
	<u>\$ 2,252,810</u>

City of Santa Paula

Notes to Financial Statements June 30, 2021

6) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Amounts due to/from other funds are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	<u>\$ 221,302</u>

The outstanding balances between funds are as a result of funds with negative cash borrowing from the General Fund.

Advances from/to other funds is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor governmental funds	Nonmajor governmental funds	<u>\$ 28,006</u>

Amounts payable between the Nonmajor Governmental Funds are for park projects. This balance is not scheduled to be collected in the subsequent year.

Sewer Fund Advance

On February 1, 2010 the City entered into a Water Enterprise Lease Agreement and a Wastewater Enterprise Lease Agreement with the Santa Paula Utility Authority to lease to the Utility Authority the water and wastewater enterprise owned by the City. Under the terms of the agreements, lease payments are to be made from the Water and Sewer funds' (which comprise the Utility Authority) surplus revenues to the City for an amount equal to "Total Rent." Total Rent is defined in the agreements as having an aggregate present value at the date of the agreement of \$77,850,759 and \$18,083,341 for the water and wastewater enterprises respectively. The lease term shall end on February 22, 2065.

As mentioned above, the lease payments by the Utility Authority to the City are contingent upon the surplus revenues generated by the Water and Sewer funds. The amount of the lease rental payments could not be estimated due to the uncertainty of the amount of surplus revenues that may be generated by the Water and Sewer funds. The lease agreements are determined to be operating leases, and therefore no liability or asset has been recorded.

As provided in the trust agreement of the 2010 Wastewater Revenue Bonds, the Sewer fund of the Utility Authority transferred to the General fund an upfront lease rental payment of \$5,000,000. The payment is to be used by the City to finance certain public capital improvements. The balance was paid-in-full as of June 30, 2021.

City of Santa Paula

Notes to Financial Statements June 30, 2021

6) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers are as follows:

Transfers Out	Transfers In			Total
	Water Fund	Sewer Fund	Other Governmental Funds	
General Fund	\$ -	\$ 369,337	\$ 836,437	\$ 1,205,774
Sewer Fund	195,846	-	-	195,846
Other governmental funds	-	-	317,434	317,434
	<u>\$ 195,846</u>	<u>\$ 369,337</u>	<u>\$ 1,153,871</u>	<u>\$ 1,719,054</u>

Transfers were made from the Sewer fund to the Water fund to reimburse various costs. Transfers were made from the General Fund and Other Governmental Funds to Other Governmental Funds to pay for street projects.

7) LONG-TERM DEBT

Changes in Long-term Debt

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 383,607	\$ 378,539	\$ (167,430)	\$ 594,716	\$ 297,358
Claims liability	1,318,736	131,451	(234,971)	1,215,216	-
Total governmental activities	<u>\$ 1,702,343</u>	<u>\$ 509,990</u>	<u>\$ (402,401)</u>	<u>\$ 1,809,932</u>	<u>\$ 297,358</u>
Business-type Activities:					
Water Revenue Bonds:					
2019 Bonds	\$ 36,295,000	\$ -	\$ (1,355,000)	\$ 34,940,000	\$ 1,525,000
Add: Premium	6,644,246	-	(339,281)	6,304,965	-
Wastewater Revenue Bonds:					
2010A Bonds	4,810,000	-	(4,810,000)	-	-
2010B Bonds	5,225,000	-	(5,225,000)	-	-
Add: Discount	(127,986)	-	127,986	-	-
2015A Bonds	64,515,000	-	(54,305,000)	10,210,000	915,000
Add: Premium	6,512,771	-	(6,512,771)	-	-
2020A Bonds	-	3,765,000	-	3,765,000	-
Add: Premium	-	748,880	(10,699)	738,181	-
2020B Bonds	-	65,360,000	(370,000)	64,990,000	390,000
Note payable from direct borrowings	496,500	-	-	496,500	-
Compensated absences	35,854	31,236	(36,992)	30,098	30,098
Total business-type activities	<u>\$ 124,406,385</u>	<u>\$ 69,905,116</u>	<u>\$ (72,836,757)</u>	<u>\$ 121,474,744</u>	<u>\$ 2,860,098</u>

City of Santa Paula

Notes to Financial Statements June 30, 2021

7) LONG-TERM DEBT (continued)

The General Fund is typically used to liquidate the compensated absences, claims liability, net pension liability, and total OPEB liability of the governmental activities.

2020 Wastewater Revenue Bonds

In October 2020, the Santa Paula Utility Authority, the "Utility Authority" (a component unit of the City) issued the 2020A and 2020B Wastewater revenue bonds in the aggregate amount of \$69,125,000. The Bonds were issued to refund the 2010A and 2010B Wastewater Revenue Bonds and a portion of the 2015A Wastewater Revenues bonds, provide financing for improvements to the Water Enterprise System, and pay costs of bond issuance. The Wastewater Bonds are payable from net revenues of the Wasterwater Enterprise and other amounts pledged under the Indenture and investment earnings thereon. Interest is payable semi-annually on August 1st and February 1st of each year with principal maturing on February 1st of each year through 2055. The interest rate on the bonds ranges from 1.00% to 4.00%.

Debt service requirements to maturity for the 2020 Wastewater Enterprise Revenue Bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2022	\$ 390,000	\$ 2,236,301
2023	395,000	2,233,302
2024	395,000	2,230,276
2025	400,000	2,226,097
2026	405,000	2,220,905
2027-2031	4,465,000	10,869,277
2032-2036	7,975,000	9,880,774
2037-2041	11,210,000	8,466,963
2042-2046	13,165,000	6,506,127
2047-2051	15,525,000	4,139,371
2052-2055	14,430,000	1,277,024
	<u>\$ 68,755,000</u>	<u>\$ 52,286,417</u>

City of Santa Paula

Notes to Financial Statements June 30, 2021

7) LONG-TERM DEBT (continued)

2020 Wastewater Revenue Bonds (continued)

The net savings and economic gain (loss) from this refunding is unavailable due to the refunded bonds having variable interest rates.

2019 Water Revenue Bonds

In December 2019, the Santa Paula Utility Authority, the "Utility Authority" (a component unit of the City) issued \$37,165,000 aggregate principal amount of Water Enterprise Revenue Bonds, 2019 Series, with proceeds used to effect the advance refunding of \$43,550,000 of outstanding Santa Paula Public Financing Authority Water Revenue Bonds, Series 2010, and finance certain improvements to the Authority's water system. The Water Bonds are payable from net revenues of the Water Enterprise held under the Water Bonds Indenture and investment earnings thereon. Interest is payable semi-annually on August 1st and February 1st of each year with principal maturing on February 1st of each year through 2040. The interest rate on the bonds ranges from 3.00% to 5.00%.

Debt service requirements to maturity for the Water Enterprise Revenue Bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2022	\$ 1,525,000	\$ 1,596,650
2023	1,585,000	1,535,650
2024	1,660,000	1,456,400
2025	1,745,000	1,373,400
2026	1,830,000	1,286,150
2027-2031	10,630,000	4,962,000
2032-2036	9,350,000	2,347,550
2037-2040	6,615,000	674,200
	<u>\$ 34,940,000</u>	<u>\$ 15,232,000</u>

2010 Wastewater Revenue Bonds

In February 2010, the Utility Authority issued \$5,900,000 aggregate principal amount of Wastewater Enterprise Revenue Bonds, 2010A Series, Non-Taxable, and \$6,130,000 aggregate principal amount of Wastewater Enterprise Revenue Bonds, 2010B Series, Taxable. Proceeds of the bonds will be used to finance an up-front lease payment to the City, finance certain improvements to the Utility Authority's wastewater system, fund a reserve account, and pay issuance costs.

City of Santa Paula

Notes to Financial Statements June 30, 2021

7) LONG-TERM DEBT (continued)

2010 Wastewater Revenue Bonds (continued)

The wastewater bonds are payable from Net Revenues of the Wastewater Enterprise. Interest is payable semi-annually on August 1st and February 1st of each year with principal maturing on February 1st of each year through 2040. The interest rate on the bonds ranges from 3.00% to 7.00%. The Bonds were refunding with the issuance of the 2020 Wasterwater Bonds.

2015 Wastewater Revenue Bonds

In April 2015, the Utility Authority issued \$67,195,000 aggregate principal amount of Wastewater Enterprise Revenue Bonds, 2015A Series, Non-Taxable, and \$2,035,000 aggregate principal amount of Wastewater Enterprise Revenue Bonds, 2015B Series, Taxable. Proceeds of the bonds were used to fund a termination payment payable to the operator of the wastewater treatment facility, fund a reserve account, pay issuance costs and, as to a portion of the 2015B Bonds, to pay other capital costs of the Wastewater Enterprise.

The 2015 Wastewater Revenue Bonds are payable from Net Revenues of the Wastewater Enterprise on parity with the 2010 Wastewater Revenue Bonds. Interest is payable semi-annually on August 1st and February 1st of each year with principal maturing on February 1st of each year through 2050. The 2015A Bonds were partially refunded with the issuance of the 2020 Wastewater bonds. The interest rate on the bonds ranges from 3.50% to 5.00%.

Debt service requirements to maturity for the remaining Wastewater Enterprise Revenue Bonds, 2015A are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2022	\$ 915,000	\$ 392,825
2023	950,000	356,225
2024	990,000	318,225
2025	1,030,000	278,625
2026	1,070,000	237,425
2027-2031	3,665,000	666,050
2032-2035	1,590,000	222,600
	<u>\$ 10,210,000</u>	<u>\$ 2,471,975</u>

City of Santa Paula

Notes to Financial Statements June 30, 2021

7) LONG-TERM DEBT (continued)

2015 Wastewater Revenue Bonds (continued)

Pursuant to each indenture, the Utility Authority covenants to fix, prescribe, revise, and collect rates, fees, and charges for the respective Enterprise as a whole for the services and improvements furnished by the Enterprise during each fiscal year which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield revenues of that Enterprise sufficient to pay the following amounts in the following priority: a) all anticipated service fees due under the DBOF for such fiscal year in the case of the Wastewater Enterprise only; b) all anticipated operation and maintenance costs of the enterprise for such fiscal year; c) all debt service payments as they become due and payable during such fiscal year, without preference or priority, except to the extent such debt service payments are payable from the proceeds of the bonds or from any other source of legally available funds of the Utility Authority which have been deposited for such purpose prior to the commencement of such fiscal year; d) the amount, if any, required to restore the amount in the reserve account to the full amount of the reserve requirement; and e) all other payments required to meet any other obligations of the Utility Authority which are charges, liens, encumbrances upon or payable from the revenues during such fiscal year. The Utility Authority also covenants under the Indenture to fix, prescribe, revise and collect, or cause to be fixed, prescribed, revised and collected, rates, fees and charges for the services and improvements furnished by the Enterprise during each fiscal year that are sufficient to yield net revenues that are at least equal to one hundred twenty percent (120%) of the total debt service payments coming due and payable in such fiscal year.

Notes Payable

On January 2, 1996, the City purchased surface water rights and groundwater rights from the Santa Paula Waterworks, Ltd. by issuing notes for \$496,500 at an interest rate of 9.87% per annum. Interest only payments are due annually with principal to be paid in full on January 2, 2026. Debt Service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2022	\$ -	\$ 73,000
2023	-	73,000
2024	-	73,000
2025	-	73,000
2026	496,500	73,136
	<u>\$ 496,500</u>	<u>\$ 365,136</u>

City of Santa Paula

Notes to Financial Statements June 30, 2021

7) LONG-TERM DEBT (continued)

Fiduciary Fund

Tax Allocation Bonds

On March 21, 1994, the Redevelopment Agency of the City adopted a resolution authorizing the sale of \$6,900,000 aggregate principal amount of Santa Paula Redevelopment Project 1994 Tax Allocation Refunding Bonds at interest rates ranging from 6.345% to 6.548% for the purpose of retiring \$6,000,000 of Tax Allocation Notes issued on November 1, 1992. The bonds mature on December 1 of each year to 2024 with interest payable semi-annually. On June 7, 2000, the Agency defeased \$2,285,000 of the \$6,900,000 Tax Allocation Refunding Bonds by purchasing United States government securities in an irrevocable trust with an escrow agent utilizing existing funds. The bonds are considered to be partially defeased and the related liability has been removed from long-term debt.

Debt service requirements to maturity on the remaining bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2022	\$ 255,000	\$ 71,250
2023	265,000	54,825
2024	285,000	37,800
2025	305,000	19,575
	<u>\$ 1,110,000</u>	<u>\$ 183,450</u>

Changes in Long-term Debt

The following is a schedule of changes in long-term debt of the Successor Agency for the fiscal year ended June 30, 2021.

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Bonds payable:					
Tax Allocation Refunding Bonds	\$ 1,350,000	\$ -	\$ (240,000)	\$ 1,110,000	\$ 255,000
Unamortized discount	(8,549)	-	1,426	(7,123)	-
Total	<u>\$ 1,341,451</u>	<u>\$ -</u>	<u>\$ (238,574)</u>	<u>\$ 1,102,877</u>	<u>\$ 255,000</u>

City of Santa Paula

Notes to Financial Statements June 30, 2021

8) FUND BALANCE

The details of the fund balances as of June 30, 2021 are presented below:

	General Fund	Total Non-major Governmental Funds	Total
Nonspendable:			
Loans receivable	\$ 4,430	\$ -	\$ 4,430
Prepays	3,289	-	3,289
Permanent endowments	-	819,806	819,806
Restricted:			
Street work	-	1,541,112	1,541,112
Hazard abatement	-	477,898	477,898
Development fees	-	776,109	776,109
Public safety	-	1,527,566	1,527,566
Community development	-	4,525,444	4,525,444
Cable television	-	146,681	146,681
Inclusionary housing	-	1,015,747	1,015,747
Other	4	-	4
Committed:			
General plan update	1,209,141	-	1,209,141
Unassigned:	6,966,427	(281,160)	6,685,267
Total	<u>\$ 8,183,291</u>	<u>\$ 10,549,203</u>	<u>\$ 18,732,494</u>

The unassigned category above encompasses fund designations that do not satisfy the criteria of the other categories presented. Included in the \$6,685,267 unassigned fund balance of the General Fund is the City Council approved operating reserve of \$3,554,598.

9) RISK MANAGEMENT

1. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (the Authority). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code 6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverage. The Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

9) RISK MANAGEMENT (continued)

2. Self-Insurance Programs of the Authority

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and prefunded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$25 million per occurrence. This \$25 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

9) RISK MANAGEMENT (continued)

2. Self-Insurance Programs of the Authority (continued)

Workers' Compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

3. Purchased Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City property is currently insured according to a schedule of covered property submitted by the City to the Authority. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

4. Adequacy of Protection

During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

City of Santa Paula

Notes to Financial Statements June 30, 2021

9) RISK MANAGEMENT (continued)

5. Claims and Judgments

The City accounts for uninsured, material claims and judgments and associated legal and administrative costs when it is probable that the liability claim has been incurred and the amount of the loss can be reasonably estimated. Included therein are claims incurred but not reported, which consists of (a) known loss events expected to be presented as claims later, (b) unknown loss events that are expected to become claims, and (c) expected future development on claims already reported. This is based upon historical actual results that have established a reliable pattern supplemented by specific information about current matters. Small dollar claims and judgments are recorded as expenditures when paid. The following claims schedule includes workers' compensation and general liability for the past two fiscal years.

Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments for Current and Prior Years	End of Year Liability
2019-2020	\$ 1,857,784	\$ -	\$ 539,048	\$ 1,318,736
2020-2021	1,318,736	131,451	234,971	1,215,216

10) CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City, as part of a consent judgment entered into on September 24, 2007, was required to construct a new water recycling facility ("WRF") no later than December 15, 2010. The WRF was constructed and placed into operation prior to the December 15, 2010 deadline. However, the WRF does not fully comply with the consent judgment, and therefore, may be subject to additional penalties. The amount of penalties, if any, has not been determined.

The City is a defendant in various other lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

11) PENSION PLAN

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 Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. 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 generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City participates in five rate plans (three miscellaneous, 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, at www.calpers.ca.gov.

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 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

City of Santa Paula

Notes to Financial Statements June 30, 2021

11) PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

The Plan's provisions and benefits in effect at June 30, 2021 are summarized as follows:

	<u>Miscellaneous</u>	<u>Miscellaneous Tier II</u>	<u>Miscellaneous PEPRA</u>
	Prior to	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula	2.5% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	55	62
Monthly benefits, as a % of eligible compensation	Highest single year	Highest single year	Highest single year
Required employer contribution rates	12.361%	11.031%	7.732%
	<u>Safety</u>	<u>Safety PEPRA</u>	
	Prior to	On of after	
Hire date	January 1, 2013	January 1, 2013	
Benefit formula	3% @ 50	2.7% @ 57	
Benefit vesting schedule	5 years service	5 years service	
Benefit payments	monthly for life	monthly for life	
Retirement age	50	57	
Monthly benefits, as a % of eligible compensation	3 year average	3 year average	
Required employer contribution rates	22.437%	13.044%	

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer 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. Employer Contributions to the Plan for the fiscal year ended June 30, 2021 were \$2,958,871. The actual employer payments of \$2,719,034 made to CalPERS by the City during the measurement period ended June 30, 2020 differed from the City's proportionate share of the employer's contributions of \$3,322,022 by \$602,988, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

11) PENSION PLAN (continued)

B. Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter.

⁽¹⁾ The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

Long-term Expected Rate of Return

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

11) PENSION PLAN (continued)

B. Net Pension Liability (continued)

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

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

<u>Asset Class¹</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10²</u>	<u>Real Return Year 11+³</u>
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	-	-0.92%

¹In the System's ACFR, 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.

²An expected inflation of 2.00% used for this period

³An expected inflation of 2.92% used for this period

Change of Assumptions

The Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019.

City of Santa Paula

Notes to Financial Statements June 30, 2021

11) PENSION PLAN (continued)

B. Net Pension Liability (continued)

Discount Rate

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

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

C. Proportionate Share of Net Pension Liability

The following table shows the Plan's proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total	Plan Fiduciary	Plan Net
	Pension Liability	Net Position	Pension Liability
Balance at: 6/30/2019 (VD)	\$ 92,657,455	\$ 66,117,511	\$ 26,539,944
Balance at: 6/30/2020 (VD)	97,273,187	68,863,061	28,410,126
Net Changes during 2019-20	<u>\$ 4,615,732</u>	<u>\$ 2,745,550</u>	<u>\$ 1,870,182</u>

VD (Valuation Date); MD (Measurement Date)

City of Santa Paula

Notes to Financial Statements June 30, 2021

11) PENSION PLAN (continued)

C. Proportionate Share of Net Pension Liability (continued)

The City's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. The City's proportionate share of the net pension liability for the total Plan as of the June 30, 2019 and 2020 measurement dates was as follows:

Proportionate Share - June 30, 2019	0.25900%
Proportionate Share - June 30, 2020	<u>0.26111%</u>
Change - Increase (Decrease)	0.00211%

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 of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	<u>Discount Rate - 1%</u> <u>(6.15%)</u>	<u>Current Discount</u> <u>Rate (7.15%)</u>	<u>Discount Rate + 1%</u> <u>(8.15%)</u>
Plan's Net Pension Liability/(Asset)	\$ 41,487,396	\$ 28,410,126	\$ 17,642,236

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

City of Santa Paula

Notes to Financial Statements June 30, 2021

11) PENSION PLAN (continued)

C. Proportionate Share of Net Pension Liability (continued)

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2020 is 3.8 years, which was obtained by dividing the total service years of 548,581 (the sum of remaining service lifetimes of the active employees) by 145,663 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2019), the City's net pension liability was \$26,539,944. For the measurement period ending June 30, 2020 (the measurement date), the Local Government incurred a pension expense of \$4,225,148.

As of June 30, 2021, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ -	\$ 149,544
Differences between expected and actual experience	1,827,327	-
Net difference between projected and actual earnings on plan investments	732,630	-
Differences between the employer's contributions and the employer's proportionate share of contributions	200,810	952,189
Changes in employer's proportion	415,607	275,633
Pension contributions subsequent to measurement date	2,958,871	-
Total	<u>\$ 6,135,245</u>	<u>\$ 1,377,366</u>

City of Santa Paula

Notes to Financial Statements June 30, 2021

11) PENSION PLAN (continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (continued)

The amounts above are net of outflows and inflows recognized in the 2019-20 measurement period expense. Contributions subsequent to the measurement date of \$2,958,871 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ending June 30,	Deferred outflows/(inflows) of resources
2022	\$ 121,285
2023	730,573
2024	589,256
2025	357,894
2026	-
Thereafter	-

E. Payable to the Pension Plan

At June 30, 2021, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year then ended.

12) OTHER POSTEMPLOYMENT BENEFITS

Plan Description – The City provides the same medical plans to retirees and surviving spouses as to its active employees, with the exception that once a retiree becomes eligible for Medicare, he or she must join a Medicare HMO or a Medicare Supplement plan, with Medicare becoming the primary payer. The plan is a single employer defined contribution post-employment healthcare benefits plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – Employees are eligible for retiree health benefits if they retire from the City on or after age 50 and 5 years of service (age 52 for Miscellaneous PEPRA employees), and continue health insurance through a City-sponsored health insurance plan, the City will contribute the minimum monthly amount (as required by CalPERS) of the health insurance premium (\$139 and \$143 for the calendar years 2020 and 2021 respectively). The City's health plan does not issue a publicly available financial report.

City of Santa Paula

Notes to Financial Statements June 30, 2021

12) OTHER POSTEMPLOYMENT BENEFITS (continued)

Employees Covered by Benefit Terms – As of the June 30, 2021 measurement date, the following current and former employees were covered by the benefit terms under the Plan:

Retirees or spouses of retirees	
currently receiving benefits	23
Retirees entitled to but not yet receiving benefits	85
Active employees	100
	<hr/>
	208
	<hr/> <hr/>

Contributions – The Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the City and the bargaining units. The annual contributions to the Plan are based on the costs to provide the benefits as described above on a pay as you go basis. For the fiscal year ended June 30, 2021, the City's pay-as-you-go costs cash benefit payments were \$38,777. Total employer contributions, including the implied subsidy, were \$61,373.

Total OPEB Liability – The City's total OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation dated June 30, 2020, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Actuarial Cost
Mortality	CalPERS 1997-2015 Experience Study
Age at Retirement	50
Health Care Trend Rate	7.5% initial, 4.0% ultimate
Inflation Rate	2.50%
Salary Changes	Aggregate - 2.75% annually Merit - CalPERS 1997-2015 Experience Study
Discount Rate	2.16% at June 30, 2021 (Bond Buyer 20-Bond Index) 2.21% at June 30, 2020 (Bond Buyer 20-Bond index)
Medical CPI	4.00% - used to project PERS statutory minimum benefit

Discount Rate – The discount rate used to measure the total OPEB liability was 2.16% and is based on the Bond Buyer 20-Bond GO index.

Changes in assumptions – The discount rate used to measure the total OPEB liability was changed to 2.16% from 2.21%. Inflation was decreased from 2.75% to 2.5%. In addition, the medical claims curve was updated, the implied subsidy was removed for Medicare plans and the mortality scale was updated to Scale MP-2021.

City of Santa Paula

**Notes to Financial Statements
June 30, 2021**

12) OTHER POSTEMPLOYMENT BENEFITS (continued)

Changes in the Total OPEB Liability

	Total OPEB Liability (TOL)
Balance at June 30, 2020	<u>\$ 4,489,285</u>
Changes in the year:	
Service cost	263,423
Interest on the total OPEB liability	104,357
Employer contributions	-
Actual vs. expected experience	(1,227,322)
Assumption changes	(430,654)
Benefit payments, including implicit subsidy	<u>(61,373)</u>
Net changes	<u>(1,351,569)</u>
Balance at June 30, 2021	<u><u>\$ 3,137,716</u></u>

Sensitivity of the Total OPEB Liability to changes in the Discount Rate – The following presents the total OPEB liability of the City if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Discount Rate		
	1% Decrease (1.16%)	Current Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 3,716,721	\$ 3,137,716	\$ 2,681,212

Sensitivity of the Net OPEB Liability to changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability of the City, as well as what the City's Net OPEB would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	Healthcare Trend Rate		
	1% Decrease	Current Rates	1% Increase
Total OPEB liability	\$ 2,579,692	\$ 3,137,716	\$ 3,880,498

City of Santa Paula

Notes to Financial Statements June 30, 2021

12) OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the City recognized OPEB expense of \$303,716. The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 765,420	\$ 1,108,165
Net differences between projected and actual earnings on plan investments	-	468,150
Total	<u>\$ 765,420</u>	<u>\$ 1,576,315</u>

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

Year Ending June 30,	
2022	\$ (64,391)
2023	(64,391)
2024	(64,391)
2025	(64,391)
2026	(64,393)
Thereafter	(488,938)

13) LOANS RECEIVABLE

The City has issued first-time homebuyer and residential rehabilitation loans to low-and moderate-income residents. These loans are to be repaid over a specified period of time or upon sale of the property. As of June 30, 2021, the amount of loans receivable at year-end is \$329,500.

14) CONSTRUCTION COMMITMENTS

The estimated amount of remaining construction contract obligations at year-end is \$13,026,498.

City of Santa Paula

Notes to Financial Statements June 30, 2021

15) DEBT WITHOUT GOVERNMENT COMMITMENT

The City has various outstanding bond issues which are not reflected in these financial statements. These bond issues are special obligations payable solely from and secured by specific revenue sources described in the resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof, is pledged for the payment of these bonds. No legal obligation on the part of the City exists to make payments on the bonds from any source other than the revenues or assets pledged therefore. The programs are completely administered by trustees, and the total outstanding balance at June 30, 2021 is \$19,380,000.

16) SUBSEQUENT EVENT

On March 11, 2021, HR 1319, the American Rescue Plan Act of 2021 (ARPA), was signed into law. ARPA was designed to provide assistance to individuals, businesses and, state and local governments to assist in the economic recovery from the ongoing COVID-19 pandemic. The City of Santa Paula was granted an allocation of \$7,130,228 delivered in two payments of \$3,565,114 in July 2021 and July 2022.

17) PRIOR PERIOD RESTATEMENT

As discussed in Note 1, the City implemented GASB Statement No. 84. Accordingly, beginning fiduciary net position for the custodial funds has been restated for changes related to the implementation of GASB Statement 84 as follows:

Fiduciary Funds - Custodial

Harvest CFD East Area 1

Net position - beginning, as previously reported	\$ -
Implementation of GASB 84	<u>(304,723)</u>
Net position - beginning, as restated	<u><u>\$ (304,723)</u></u>

PBID

Net position - beginning, as previously reported	\$ -
Implementation of GASB 84	<u>48,730</u>
Net position - beginning, as restated	<u><u>\$ 48,730</u></u>

City of Santa Paula

**Notes to Financial Statements
June 30, 2021**

17) PRIOR PERIOD RESTATEMENT (continued)

Land held for resale in the amount of \$818,178 was sold in fiscal year 2018-2019. The proceeds of the sale were recorded, but the corresponding asset was never removed from the books. Beginning fiduciary net position for the private purpose trust fund was restated to correct this error as follows:

Fiduciary Funds - Private-Purpose Trust

Successor Agency

Net position - beginning, as previously reported	\$ 199,733
Correction of an error	<u>(818,178)</u>
Net Position - beginning, as restated	<u>\$ (618,445)</u>

REQUIRED SUPPLEMENTARY INFORMATION

City of Santa Paula

**Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual – General Fund
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 9,772,295	\$ 11,176,858	\$ 12,228,246	\$ 1,051,388
Licenses and permits	1,199,150	1,199,150	1,868,493	669,343
Intergovernmental	541,229	1,017,514	868,744	(148,770)
Charges for services	2,197,575	2,297,275	1,716,279	(580,996)
Fines and forfeitures	72,500	72,500	120,732	48,232
Investment earnings	54,600	54,600	4,966	(49,634)
Other revenues	655,100	5,100	59,698	54,598
Total Revenues	<u>14,492,449</u>	<u>15,822,997</u>	<u>16,867,158</u>	<u>1,044,161</u>
EXPENDITURES				
Current:				
General government	962,878	1,152,850	1,116,989	35,861
Building and safety	475,710	481,071	446,515	34,556
Community services	1,620,796	1,851,396	1,546,514	304,882
Financial services	662,868	672,455	624,389	48,066
Planning	931,145	1,039,592	710,582	329,010
Police	7,941,981	8,428,824	8,393,427	35,397
Public works	1,471,194	4,417,403	1,809,591	2,607,812
Total Expenditures	<u>14,066,572</u>	<u>18,043,591</u>	<u>14,648,007</u>	<u>3,395,584</u>
Excess (Deficiency) of Revenues over Expenditures	<u>425,877</u>	<u>(2,220,594)</u>	<u>2,219,151</u>	<u>4,439,745</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	650,000	-	-	-
Transfers out	(674,437)	(1,205,775)	(1,205,774)	1
Total Other Financing Sources (Uses)	<u>(24,437)</u>	<u>(1,205,775)</u>	<u>(1,205,774)</u>	<u>1</u>
Net Change in Fund Balance	401,440	(3,426,369)	1,013,377	4,439,746
Fund Balance, Beginning	<u>7,169,914</u>	<u>7,169,914</u>	<u>7,169,914</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 7,571,354</u>	<u>\$ 3,743,545</u>	<u>\$ 8,183,291</u>	<u>\$ 4,439,746</u>

City of Santa Paula

Required Supplementary Information Schedule of Changes in the City's Total OPEB Liability and Related Ratios Last 10 Fiscal Years*

	Measurement Period			
	2018	2019	2020	2021
Total OPEB Liability				
Service cost	\$ 172,347	\$ 165,476	\$ 186,457	\$ 263,423
Interest on total OPEB liability	109,883	121,523	125,245	104,357
Changes in assumptions	(142,751)	194,758	817,178	(430,654)
Actual vs. expected experience	-	-	-	(1,227,322)
Changes in benefits	-	-	-	-
Benefit payments, including implicit subsidy	(58,033)	(65,697)	(63,145)	(61,373)
Net change in total OPEB liability	81,446	416,060	1,065,735	(1,351,569)
Total OPEB liability - beginning	2,926,044	3,007,490	3,423,550	4,489,285
Total OPEB liability - ending	<u>\$ 3,007,490</u>	<u>\$ 3,423,550</u>	<u>\$ 4,489,285</u>	<u>\$ 3,137,716</u>
Covered-employee payroll	\$ 5,911,227	\$ 7,083,647	\$ 7,592,656	\$ 7,257,288
Total OPEB liability as a percentage of covered-employee payroll	50.88%	48.33%	59.13%	43.24%

*Fiscal year 2018 was the first year of implementation, therefore, not all 10 years of information is available.

Notes to the Schedule:

No assets are accumulated in a trust that meets the criteria in GASB No. 75, paragraph 4, to pay related benefits.

Benefit Changes: None

Changes in Assumptions: For the June 30, 2021 measurement date: Discount rate was updated based on municipal bond rate, inflation decreased from 2.75% to 2.50%; medical claims curves updated; implied subsidy removed for Medicare plans; and mortality improvements scale was updated to Scale MP-2021.

City of Santa Paula

Required Supplementary Information Schedule of the City's Proportionate Share of the Net Pension Liability Last 10 Fiscal Years*

Measurement Date	Employer's Proportion of the Collective Net Pension Liability ¹	Employer's Proportionate Share of the Collective Net Pension Liability	Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a percentage of the Covered Payroll	Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
2014	0.2563%	\$ 15,947,485	\$ 5,991,638	266.16%	78.49%
2015	0.2732%	18,748,806	6,552,813	286.12%	74.94%
2016	0.2613%	22,609,596	6,795,547	332.71%	74.06%
2017	0.2529%	25,075,293	6,136,996	408.59%	70.42%
2018	0.2579%	24,852,880	5,911,227	420.44%	71.58%
2019	0.2590%	26,539,944	6,929,552	383.00%	71.36%
2020	0.2611%	28,410,126	7,436,975	382.01%	70.79%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

¹ Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

City of Santa Paula

Required Supplementary Information Schedule of Plan Contributions Last 10 Fiscal Years*

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 2,159,536	\$ (2,159,536)	\$ -	\$ 6,552,813	32.96%
6/30/2016	2,324,486	(2,324,486)	-	6,795,547	34.21%
6/30/2017	1,967,182	(1,967,182)	-	6,136,996	32.05%
6/30/2018	2,068,107	(2,068,107)	-	5,911,227	34.99%
6/30/2019	2,372,333	(2,372,333)	-	6,929,552	34.24%
6/30/2020	2,719,034	(2,719,034)	-	7,436,975	36.56%
6/30/2021	2,958,871	(2,958,871)	-	7,257,288	40.77%

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Notes to Schedule:

Change in benefit terms: None

Changes in Assumptions: For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. 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 in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

1) BUDGETARY INFORMATION

Budgeted revenue and expenditure amounts shown represent the City's originally adopted legal budget adjusted for unanticipated revenues and appropriations during the course of the fiscal year. Budget amounts, as adjusted, reported for the governmental funds of the City are adopted on a basis consistent with generally accepted accounting principles (GAAP).

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts and projects entered into by the City are subject to annual review by the City Council; hence, they legally are one-year contracts with an option for renewal for another fiscal year.

The City Council has the responsibility for adoption of the City's Budget. Budgets are adopted for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during each fiscal year. The City Manager is authorized to transfer funds from one major expenditure category to another within the same department and fund. Any revisions that alter the total expenditures of any fund must be approved by City Council. The level at which expenditures may not legally exceed appropriations is therefore established at the department level. Budgeted amounts may be transferred between programs with City Manager approval.

City of Santa Paula

Non-Major Governmental Funds

Special Revenue Funds

Mobile Home Rent Review Fund - This fund is used to administer the Mobile Home Rent Review Program.

Local Transportation TDA Fund - This fund is to be used for local streets and roads.

Federal Grants Fund - This fund is used to account for federal grant activities.

State Grants Fund - This fund is used to account for state grant activities.

CA Oil Museum Fund - Revenues from fundraising, membership and interest from endowment. Used to cover operating costs of museum.

Hillsborough Open Space Assessment Fund - This fund is used to account for the Maintenance Assessment District for Tract #4486-1 (except parcels D & E) and Tract #4486-2.

Local Transportation TDA Article 3 Fund - This fund is set aside for bicycle and pedestrian facilities.

NPDES Storm Water Quality Fund - This fund is only for use in relation to storm water quality.

Beverage Container Recycling Fund - This fund is used to account for the recycling program state grants.

Cable Television Fund - This fund is used to account for cable television fees.

Stormwater Program Fund - This fund is used to account for storm water program activities.

GHAD-GEO Hazardous Abatement District Fund - This fund is used to account for the Geological Hazard Abatement District #5606.

State Gas Tax Special Revenue Fund – This fund accounts for the State Gas Tax funds that are restricted for street related projects.

Capital Project Funds

Facilities Capital Fund - This fund is used to account for developers fees collected to be used for facility expansion projects.

Inclusionary Housing Ordinance Improvement - This fund is used to account for developers fees collected to be used for future Inclusionary Housing Ordinance Implementation Programs.

Traffic Impact Fees Fund - This fund is used to account for developers fees collected to be used for traffic related projects. This fund is legally restricted to capital acquisition or related debt service.

City of Santa Paula

Non-Major Governmental Funds

Capital Project Funds (continued)

Air Quality Impact Fee - This fund is used to account for developers fees collected to be used for air quality management.

Park Bond Grant Fund - This fund is used to account for grant funds received to be used for parks.

Federal STP Grant - This fund is used to account for grant funds restricted for street purposes.

CMAQ - This fund is used to account for grant funds restricted for air quality management.

Permanent Funds

Community Center Endowment Fund - This fund is used to account for principal trust amounts received and related investment earnings. Investment earnings may be used to support the Center.

Museum Endowment Fund - This fund is used to account for principal trust amounts received and related investment earnings. Investment earnings may be used to support the Museum.

Harding Park Trust Fund - This fund is used to account for principal trust amounts received and related investment earnings. Investment earnings may be used to support the Harding Park Trust Fund subject to the approval of the Harding Park Advisory Committee.

This page left intentionally blank.

City of Santa Paula

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021**

	Special Revenue	Capital Projects	Permanent Funds	Total
ASSETS				
Cash and investments	\$ 4,474,998	\$ 5,429,771	\$ 976,551	\$ 10,881,320
Receivables				
Accounts	271,498	130,718	29,237	431,453
Loans receivable	329,500	-	-	329,500
Advances to other funds	-	28,006	-	28,006
	<u>\$ 5,075,996</u>	<u>\$ 5,588,495</u>	<u>\$ 1,005,788</u>	<u>\$ 11,670,279</u>
Total Assets				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 743,219	\$ 120,752	\$ 7,797	\$ 871,768
Due to other funds	218,518	2,784	-	221,302
Advances from other funds	-	-	28,006	28,006
	<u>961,737</u>	<u>123,536</u>	<u>35,803</u>	<u>1,121,076</u>
Total Liabilities				
FUND BALANCE				
Nonspendable	-	-	819,806	819,806
Restricted	4,273,253	5,584,004	150,179	10,007,436
Unassigned	(158,994)	(119,045)	-	(278,039)
	<u>4,114,259</u>	<u>5,464,959</u>	<u>969,985</u>	<u>10,549,203</u>
Total Fund Balances				
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,075,996</u>	<u>\$ 5,588,495</u>	<u>\$ 1,005,788</u>	<u>\$ 11,670,279</u>

City of Santa Paula

Combining Balance Sheet Nonmajor Special Revenue Funds June 30, 2021

	Mobile Home Rent Review	Local Transportation TDA	Federal Grants	State Grants
ASSETS				
Cash and investments	\$ -	\$ 489,423	\$ -	\$ 1,800,593
Receivables				
Accounts	4,992	-	33,811	231
Loans receivable	-	-	112,936	216,564
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 4,992</u>	<u>\$ 489,423</u>	<u>\$ 146,747</u>	<u>\$ 2,017,388</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 7,239	\$ 302,603	\$ 42,815	\$ 4,214
Due to other funds	112,245	-	9,125	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>119,484</u>	<u>302,603</u>	<u>51,940</u>	<u>4,214</u>
FUND BALANCE				
Restricted	-	186,820	94,807	2,013,174
Unassigned	(114,492)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>(114,492)</u>	<u>186,820</u>	<u>94,807</u>	<u>2,013,174</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,992</u>	<u>\$ 489,423</u>	<u>\$ 146,747</u>	<u>\$ 2,017,388</u>

(Continued)

<u>CA Oil Museum</u>	<u>Hillsborough Open Space Assessment</u>	<u>Local Transportation TDA Article 3</u>	<u>NPDES Storm Water Quality</u>
\$ -	\$ 16,024	\$ 8,486	\$ -
-	722	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ 16,746</u>	<u>\$ 8,486</u>	<u>\$ -</u>
\$ 9	\$ 479	\$ 7,247	\$ 5,882
<u>16,440</u>	<u>-</u>	<u>-</u>	<u>22,171</u>
<u>16,449</u>	<u>479</u>	<u>7,247</u>	<u>28,053</u>
-	16,267	1,239	-
<u>(16,449)</u>	<u>-</u>	<u>-</u>	<u>(28,053)</u>
<u>(16,449)</u>	<u>16,267</u>	<u>1,239</u>	<u>(28,053)</u>
<u>\$ -</u>	<u>\$ 16,746</u>	<u>\$ 8,486</u>	<u>\$ -</u>

City of Santa Paula

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021**

	Beverage Container Recycling	Cable Television	Stormwater Program	GHAD-GEO Hazardous Abatement Dist.
ASSETS				
Cash and investments	\$ 10,046	\$ 121,107	\$ -	\$ 477,884
Receivables				
Accounts	4	28,499	93,255	1,728
Loans receivable	-	-	-	-
Total Assets	<u>\$ 10,050</u>	<u>\$ 149,606</u>	<u>\$ 93,255</u>	<u>\$ 479,612</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ 2,925	\$ 5,022	\$ 1,714
Due to other funds	-	-	58,537	-
Total Liabilities	<u>-</u>	<u>2,925</u>	<u>63,559</u>	<u>1,714</u>
FUND BALANCE				
Restricted	10,050	146,681	29,696	477,898
Unassigned	-	-	-	-
Total Fund Balances	<u>10,050</u>	<u>146,681</u>	<u>29,696</u>	<u>477,898</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,050</u>	<u>\$ 149,606</u>	<u>\$ 93,255</u>	<u>\$ 479,612</u>

State Gas Tax	Total
\$ 1,551,435	\$ 4,474,998
108,256	271,498
-	329,500
<u>\$ 1,659,691</u>	<u>\$ 5,075,996</u>
\$ 363,070	\$ 743,219
-	218,518
<u>363,070</u>	<u>961,737</u>
1,296,621	4,273,253
-	(158,994)
<u>1,296,621</u>	<u>4,114,259</u>
<u>\$ 1,659,691</u>	<u>\$ 5,075,996</u>

City of Santa Paula

**Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2021**

	Facilities Capital Projects	Inclusionary Housing Ordinance	Traffic Impact Fees	Air Quality Impact Fee
ASSETS				
Cash and investments	\$ 3,763,619	\$ 1,014,990	\$ 649,031	\$ 2,131
Receivables:				
Accounts	2,881	757	127,078	2
Advances to other funds	28,006	-	-	-
Total Assets	<u>\$ 3,794,506</u>	<u>\$ 1,015,747</u>	<u>\$ 776,109</u>	<u>\$ 2,133</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 4,491	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total Liabilities	<u>4,491</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Restricted	3,790,015	1,015,747	776,109	2,133
Unassigned	-	-	-	-
Total Fund Balances	<u>3,790,015</u>	<u>1,015,747</u>	<u>776,109</u>	<u>2,133</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,794,506</u>	<u>\$ 1,015,747</u>	<u>\$ 776,109</u>	<u>\$ 2,133</u>

Park Bond Grant	Federal STP Grant	Total
\$ -	\$ -	\$ 5,429,771
-	-	130,718
-	-	28,006
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,588,495</u>
\$ 468	\$ 115,793	\$ 120,752
615	2,169	2,784
<u>1,083</u>	<u>117,962</u>	<u>123,536</u>
-	-	5,584,004
<u>(1,083)</u>	<u>(117,962)</u>	<u>(119,045)</u>
<u>(1,083)</u>	<u>(117,962)</u>	<u>5,464,959</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,588,495</u>

City of Santa Paula

**Combining Balance Sheet
Nonmajor Permanent Funds
June 30, 2021**

	Community Center Endowment	Museum Endowment	Harding Park Trust	Total
ASSETS				
Cash and investments	\$ 600,642	\$ 218,539	\$ 157,370	\$ 976,551
Receivables				
Accounts	458	167	28,612	29,237
Total Assets	<u>\$ 601,100</u>	<u>\$ 218,706</u>	<u>\$ 185,982</u>	<u>\$ 1,005,788</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 7,797	\$ 7,797
Advances from other funds	-	-	28,006	28,006
Total Liabilities	<u>-</u>	<u>-</u>	<u>35,803</u>	<u>35,803</u>
FUND BALANCE				
Nonspendable	601,100	218,706	-	819,806
Restricted	-	-	150,179	150,179
Total Fund Balances	<u>601,100</u>	<u>218,706</u>	<u>150,179</u>	<u>969,985</u>
Total Liabilities and Fund Balances	<u>\$ 601,100</u>	<u>\$ 218,706</u>	<u>\$ 185,982</u>	<u>\$ 1,005,788</u>

This page left intentionally blank

City of Santa Paula

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2021**

	Special Revenue	Capital Projects	Permanent Funds	Total
REVENUES				
Taxes	\$ 47,697	\$ 1,318,716	\$ -	\$ 1,366,413
Intergovernmental	4,205,874	145,432	-	4,351,306
Charges for services	357,135	850,014	165,627	1,372,776
Investment earnings	(5,819)	4,840	29,464	28,485
Other revenues	14,599	-	-	14,599
	<u>4,619,486</u>	<u>2,319,002</u>	<u>195,091</u>	<u>7,133,579</u>
Total Revenues				
EXPENDITURES				
General government	66,010	380	-	66,390
Building and safety	55,950	-	-	55,950
Community services	175,106	337,301	84,245	596,652
Financial services	3,817	-	-	3,817
Fire	13,662	-	-	13,662
Police	104,936	-	-	104,936
Public works	2,672,146	252,868	5,279	2,930,293
	<u>3,091,627</u>	<u>590,549</u>	<u>89,524</u>	<u>3,771,700</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	<u>1,527,859</u>	<u>1,728,453</u>	<u>105,567</u>	<u>3,361,879</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,153,871	-	-	1,153,871
Transfer out	(317,434)	-	-	(317,434)
	<u>836,437</u>	<u>-</u>	<u>-</u>	<u>836,437</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	2,364,296	1,728,453	105,567	4,198,316
Fund Balances, Beginning	<u>1,749,963</u>	<u>3,736,506</u>	<u>864,418</u>	<u>6,350,887</u>
Fund Balances, Ending	<u>\$ 4,114,259</u>	<u>\$ 5,464,959</u>	<u>\$ 969,985</u>	<u>\$ 10,549,203</u>

City of Santa Paula

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021**

	Mobile Home Rent Review	Local Transportation TDA	Federal Grants	State Grants
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	1,035,858	238,076	1,682,584
Charges for services	17,310	-	3,060	-
Investment earnings	411	(1,780)	2,536	(5,259)
Other revenues	-	126	11,574	-
Total Revenues	<u>17,721</u>	<u>1,034,204</u>	<u>255,246</u>	<u>1,677,325</u>
EXPENDITURES				
General government	25,060	-	-	-
Building and safety	-	-	55,950	-
Community services	-	-	129,857	-
Financial services	-	3,817	-	-
Fire	-	-	-	13,662
Police	-	-	7,523	97,413
Public works	-	870,314	-	10,684
Total Expenditures	<u>25,060</u>	<u>874,131</u>	<u>193,330</u>	<u>121,759</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,339)</u>	<u>160,073</u>	<u>61,916</u>	<u>1,555,566</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	300,000	-	-
Transfer out	-	(317,434)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(17,434)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(7,339)	142,639	61,916	1,555,566
Fund Balances, Beginning	<u>(107,153)</u>	<u>44,181</u>	<u>32,891</u>	<u>457,608</u>
Fund Balances, Ending	<u>\$ (114,492)</u>	<u>\$ 186,820</u>	<u>\$ 94,807</u>	<u>\$ 2,013,174</u>

CA Oil Museum	Hillsborough Open Space Assessment	Local Transportation TDA Article 3	NPDES Storm Water Quality
\$ -	\$ 10,719	\$ -	\$ 36,978
-	-	2,643	-
1,500	-	-	-
61	15	(31)	124
-	-	-	-
<u>1,561</u>	<u>10,734</u>	<u>2,612</u>	<u>37,102</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	4,384	5,945	65,269
<u>-</u>	<u>4,384</u>	<u>5,945</u>	<u>65,269</u>
1,561	6,350	(3,333)	(28,167)
-	-	-	-
-	-	-	-
-	-	-	-
1,561	6,350	(3,333)	(28,167)
<u>(18,010)</u>	<u>9,917</u>	<u>4,572</u>	<u>114</u>
<u>\$ (16,449)</u>	<u>\$ 16,267</u>	<u>\$ 1,239</u>	<u>\$ (28,053)</u>

City of Santa Paula

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021**

	Beverage Container Recycling	Cable Television Fund	Stormwater Program Fund	GHAD-GEO Hazardous Abatement Dist.
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	7,795	-	-	-
Charges for services	-	73,652	170,590	90,073
Investment earnings	20	308	215	650
Other revenues	-	-	-	-
Total Revenues	<u>7,815</u>	<u>73,960</u>	<u>170,805</u>	<u>90,723</u>
EXPENDITURES				
General government	-	40,950	-	-
Building and safety	-	-	-	-
Community services	12,205	33,044	-	-
Financial services	-	-	-	-
Fire	-	-	-	-
Police	-	-	-	-
Public works	-	-	141,002	30,164
Total Expenditures	<u>12,205</u>	<u>73,994</u>	<u>141,002</u>	<u>30,164</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,390)</u>	<u>(34)</u>	<u>29,803</u>	<u>60,559</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfer out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(4,390)	(34)	29,803	60,559
Fund Balances, Beginning	<u>14,440</u>	<u>146,715</u>	<u>(107)</u>	<u>417,339</u>
Fund Balances, Ending	<u>\$ 10,050</u>	<u>\$ 146,681</u>	<u>\$ 29,696</u>	<u>\$ 477,898</u>

State Gas Tax	Total
\$ -	\$ 47,697
1,238,918	4,205,874
950	357,135
(3,089)	(5,819)
<u>2,899</u>	<u>14,599</u>
<u>1,239,678</u>	<u>4,619,486</u>
-	66,010
-	55,950
-	175,106
-	3,817
-	13,662
-	104,936
<u>1,544,384</u>	<u>2,672,146</u>
<u>1,544,384</u>	<u>3,091,627</u>
<u>(304,706)</u>	<u>1,527,859</u>
853,871	1,153,871
<u>-</u>	<u>(317,434)</u>
<u>853,871</u>	<u>836,437</u>
549,165	2,364,296
<u>747,456</u>	<u>1,749,963</u>
<u>\$ 1,296,621</u>	<u>\$ 4,114,259</u>

City of Santa Paula

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Project Funds
For the Year Ended June 30, 2021**

	Facilities Capital Projects	Inclusionary Housing Ordinance	Traffic Impact Fees	Air Quality Impact Fee
REVENUES				
Taxes	\$ 1,009,774	\$ -	\$ 308,942	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	850,014	-	-
Investment earnings	3,743	447	638	4
Total Revenues	<u>1,013,517</u>	<u>850,461</u>	<u>309,580</u>	<u>4</u>
EXPENDITURES				
General government	380	-	-	-
Community services	87,301	250,000	-	-
Public works	96,874	-	39,541	-
Total Expenditures	<u>184,555</u>	<u>250,000</u>	<u>39,541</u>	<u>-</u>
Net Change in Fund Balances	828,962	600,461	270,039	4
Fund Balances, Beginning	<u>2,961,053</u>	<u>415,286</u>	<u>506,070</u>	<u>2,129</u>
Fund Balances, Ending	<u>\$ 3,790,015</u>	<u>\$ 1,015,747</u>	<u>\$ 776,109</u>	<u>\$ 2,133</u>

Park Bond Grant	Federal STP Grant	Total
\$ -	\$ -	\$ 1,318,716
145,000	432	145,432
-	-	850,014
-	8	4,840
<u>145,000</u>	<u>440</u>	<u>2,319,002</u>
-	-	380
-	-	337,301
-	116,453	252,868
<u>-</u>	<u>116,453</u>	<u>590,549</u>
145,000	(116,013)	1,728,453
<u>(146,083)</u>	<u>(1,949)</u>	<u>3,736,506</u>
<u>\$ (1,083)</u>	<u>\$ (117,962)</u>	<u>\$ 5,464,959</u>

City of Santa Paula

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Permanent Funds
For the Year Ended June 30, 2021**

	<u>Community Center Endowment</u>	<u>Museum Endowment</u>	<u>Harding Park Trust</u>	<u>Total</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ 165,627	\$ 165,627
Investment earnings	949	345	28,170	29,464
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	949	345	193,797	195,091
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Community services	-	-	84,245	84,245
Public works	-	-	5,279	5,279
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	-	-	89,524	89,524
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	949	345	104,273	105,567
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning	600,151	218,361	45,906	864,418
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances, Ending	<u>\$ 601,100</u>	<u>\$ 218,706</u>	<u>\$ 150,179</u>	<u>\$ 969,985</u>