

**CITY OF CORCORAN
CALIFORNIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022**

**CITY OF CORCORAN
JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022, the City adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

570 N. Magnolia Avenue, Suite 100

Clovis, CA 93611

tel 559.299.9540

fax 559.299.2344

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, Proportionate Share of Net Pension Liability, and Schedule of Contributions on pages 58–61 and 64–65 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 combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
May 3, 2023

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CITY OF CORCORAN
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments:			
Unrestricted	\$ 13,851,016	\$ 10,596,310	\$ 24,447,326
Restricted	872,481	8,142,653	9,015,134
Cash and investments with fiscal agent:			
Restricted	823,545	1,145,804	1,969,349
Receivables, net of allowance	17,988,291	1,814,879	19,803,170
Lease receivable	2,645,708	314,030	2,959,738
Prepaid expenses	-	117,281	117,281
Property held for resale	2,489,784	-	2,489,784
Internal balances	11,291,174	(11,291,174)	-
Due from other agencies	11,014	-	11,014
Capital assets:			
Nondepreciable	6,614,135	7,449,838	14,063,973
Depreciable, net of accumulated depreciation	<u>17,693,563</u>	<u>21,154,529</u>	<u>38,848,092</u>
Total assets	<u>74,280,711</u>	<u>39,444,150</u>	<u>113,724,861</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred refunding	-	3,617,199	3,617,199
Pension related	<u>6,358,437</u>	<u>1,787,066</u>	<u>8,145,503</u>
Total deferred outflows of resources	<u>6,358,437</u>	<u>5,404,265</u>	<u>11,762,702</u>
LIABILITIES			
Accounts payable	1,318,733	532,972	1,851,705
Wages and benefits payable	187,826	57,009	244,835
Deposits	92,422	-	92,422
Interest payable	91,160	368,744	459,904
Unearned revenues	-	219,248	219,248
Noncurrent liabilities:			
Due within one year:			
Long-term debt	218,000	564,668	782,668
Compensated absences	108,916	32,324	141,240
Due in more than one year:			
Long-term debt	16,830,000	21,722,042	38,552,042
Compensated absences	244,976	60,482	305,458
Net pension liability	<u>4,244,250</u>	<u>1,184,221</u>	<u>5,428,471</u>
Total liabilities	<u>23,336,283</u>	<u>24,741,710</u>	<u>48,077,993</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	3,136,758	1,136,046	4,272,804
Lease related	<u>2,292,048</u>	<u>384,268</u>	<u>2,676,316</u>
Total deferred inflows of resources	<u>5,428,806</u>	<u>1,520,314</u>	<u>6,949,120</u>
NET POSITION			
Net investment in capital assets	24,081,323	8,000,294	32,081,617
Restricted for:			
Pension contributions	823,545	241,991	1,065,536
Debt service	-	903,811	903,811
Community development	13,156,756	-	13,156,756
Public safety	157,443	-	157,443
Public works	240,813	-	240,813
Transportation and streets	2,573,517	-	2,573,517
Parks and recreation	20,191	-	20,191
Unrestricted	<u>10,820,471</u>	<u>9,440,295</u>	<u>20,260,766</u>
Total net position	<u>\$ 51,874,059</u>	<u>\$ 18,586,391</u>	<u>\$ 70,460,450</u>

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

**CITY OF CORCORAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS:							
Governmental activities:							
General government	\$ 953,577	\$ 14,470	\$ 44,533	\$ -	\$ (894,574)	\$ -	\$ (894,574)
Community development	2,187,635	118,042	1,622,911	-	(446,682)	-	(446,682)
Public safety	5,617,866	20,333	2,771,971	-	(2,825,562)	-	(2,825,562)
Public works	2,788,161	-	1,046,581	485,954	(1,255,626)	-	(1,255,626)
Parks and recreation	782,525	-	-	3,714,573	2,932,048	-	2,932,048
Interest and fiscal charges	227,866	-	-	-	(227,866)	-	(227,866)
Total governmental activities	12,557,630	152,845	5,485,996	4,200,527	(2,718,262)	-	(2,718,262)
Business-type activities:							
Water	6,186,408	5,440,788	-	324,886	-	(420,734)	(420,734)
Sewer	1,368,158	1,418,559	76,553	1,817,779	-	1,944,733	1,944,733
Refuse	2,239,259	2,429,949	5,576	-	-	196,266	196,266
Transit	1,266,208	36,217	753,756	74,992	-	(401,243)	(401,243)
Storm drain	407,139	320,136	20,846	14,319	-	(51,838)	(51,838)
Total business-type activities	11,467,172	9,645,649	856,731	2,231,976	-	1,267,184	1,267,184
Total	\$ 24,024,802	\$ 9,798,494	\$ 6,342,727	\$ 6,432,503	(2,718,262)	1,267,184	(1,451,078)
General revenues:							
Taxes:							
Property taxes					1,963,354	-	1,963,354
Franchise taxes					459,283	-	459,283
Other taxes					305,894	-	305,894
Motor vehicle in-lieu					2,956,018	-	2,956,018
Unrestricted investment income (loss)					(53,127)	(21)	(53,148)
Rental income					385,528	3,300	388,828
American Rescue Plan Act					5,395,558	-	5,395,558
Gain on disposal of fixed assets					44,970	3,910	48,880
Gain on acquisition of property					48,646	-	48,646
Miscellaneous					53,624	(677)	52,947
Transfers					(85,352)	85,352	-
Total general revenues					11,474,396	91,864	11,566,260
Change in net position					8,756,134	1,359,048	10,115,182
Net position - beginning, restated					43,117,925	17,227,343	60,345,268
Net position - ending					\$ 51,874,059	\$ 18,586,391	\$ 70,460,450

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

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FUND FINANCIAL STATEMENTS

CITY OF CORCORAN
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds				Capital Projects Fund	Debt Service Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
	General	Community Development Block Grant	HOME Program	Transportation and Streets	Parks Capital	Debt Service		
ASSETS								
Cash and investments:								
Unrestricted	\$ 8,642,076	\$ 966,494	\$ 1,630,333	\$ 2,156,210	\$ -	\$ 6,314	\$ 449,589	\$ 13,851,016
Restricted	872,481	-	-	-	-	-	-	872,481
Cash and investments with fiscal agent:								
Restricted	810,954	1,736	1,353	8,401	-	-	1,101	823,545
Receivables, net of allowance	3,624,876	3,355,309	7,292,953	571,298	2,959,588	42	184,225	17,988,291
Lease receivable	2,645,708	-	-	-	-	-	-	2,645,708
Due from other funds	2,267,124	-	-	-	-	-	-	2,267,124
Due from other agencies	11,014	-	-	-	-	-	-	11,014
Advances to other funds	-	-	-	-	-	17,048,000	-	17,048,000
Property held for resale	2,489,784	-	-	-	-	-	-	2,489,784
Total assets	\$ 21,364,017	\$ 4,323,539	\$ 8,924,639	\$ 2,735,909	\$ 2,959,588	\$ 17,054,356	\$ 634,915	\$ 57,996,963
LIABILITIES								
Accounts payable	\$ 289,361	\$ 212,100	\$ 987	\$ 41,527	\$ 746,895	\$ -	\$ 27,863	\$ 1,318,733
Wages and benefits payable	179,108	964	602	6,185	-	-	967	187,826
Due to other funds	-	-	-	-	2,192,502	-	64,358	2,256,860
Deposits	91,722	-	-	-	-	-	700	92,422
Advances from other funds	5,581,103	35,220	22,244	106,279	-	-	22,244	5,767,090
Total liabilities	6,141,294	248,284	23,833	153,991	2,939,397	-	116,132	9,622,931
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues	33,673	3,075,102	7,290,184	-	-	-	163,013	10,561,972
Lease related	2,292,048	-	-	-	-	-	-	2,292,048
Total deferred inflows of resources	2,325,721	3,075,102	7,290,184	-	-	-	163,013	12,854,020
FUND BALANCES								
Nonspendable:								
Lease related	353,660	-	-	-	-	-	-	353,660
Property held for resale	2,489,784	-	-	-	-	-	-	2,489,784
Restricted for:								
Pension contributions	810,954	1,736	1,353	8,401	-	-	1,101	823,545
Debt service	-	-	-	-	-	17,054,356	-	17,054,356
Capital projects	872,481	-	-	-	-	-	-	872,481
Community development	-	998,417	1,609,269	-	-	-	20,771	2,628,457
Public safety	-	-	-	-	-	-	157,443	157,443
Public works	-	-	-	-	-	-	240,813	240,813
Transportation and streets	-	-	-	2,573,517	-	-	-	2,573,517
Parks and recreation	-	-	-	-	20,191	-	-	20,191
Committed for:								
General government	20,000	-	-	-	-	-	-	20,000
Public safety	950,000	-	-	-	-	-	-	950,000
Parks and recreation	371,191	-	-	-	-	-	-	371,191
Unassigned	7,028,932	-	-	-	-	-	(64,358)	6,964,574
Total fund balances	12,897,002	1,000,153	1,610,622	2,581,918	20,191	17,054,356	355,770	35,520,012
Total liabilities, deferred inflows of resources, and fund balances	\$ 21,364,017	\$ 4,323,539	\$ 8,924,639	\$ 2,735,909	\$ 2,959,588	\$ 17,054,356	\$ 634,915	\$ 57,996,963

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

**CITY OF CORCORAN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2022**

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

Total fund balances - governmental funds		\$ 35,520,012
Capital assets used in governmental activities are not current financial resources; therefore, they are not reported in the governmental funds.		24,307,698
Certain long-term assets are not available to pay for current period expenditures; therefore, they are unavailable in the governmental funds.		10,561,972
Deferred outflows and inflows of resources are reported in the Statement of Net Position, but are not recognized in the governmental funds:		
Deferred outflows of resources related to pensions	6,358,437	
Deferred inflows of resources related to pensions	<u>(3,136,758)</u>	3,221,679
Long-term liabilities were not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consist of:		
Compensated absences	(353,892)	
Long-term debt	(17,048,000)	
Net pension liability	<u>(4,244,250)</u>	(21,646,142)
Interest on long-term debt does not require the use of current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		<u>(91,160)</u>
Net position of governmental activities		<u>\$ 51,874,059</u>

CITY OF CORCORAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds				Capital Projects Fund	Debt Service Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
	General	Community Development Block Grant	HOME Program	Transportation and Streets	Parks Capital	Debt Service		
REVENUES								
Property taxes	\$ 452,313	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,877	\$ 498,190
Other taxes	4,238,469	-	-	-	-	-	-	4,238,469
Licenses and permits	255,100	-	-	-	-	-	-	255,100
Intergovernmental	8,525,602	1,549,064	-	1,532,535	3,455,102	-	20,000	15,082,303
Charges for services	306,050	-	-	-	7,228	-	-	313,278
Fines and penalties	34,901	-	-	-	-	-	-	34,901
Use of money and property	405,776	3,468	5,452	9,437	37	86	16,453	440,709
Gain on acquisition of property	93,616	-	-	-	-	-	-	93,616
Grant drawdowns	252,243	-	-	-	-	-	162,512	414,755
Loan repayments	-	129,027	362,401	-	-	-	5,330	496,758
Miscellaneous	106,492	8,998	-	-	-	-	2,980	118,470
Total revenues	14,670,562	1,690,557	367,853	1,541,972	3,462,367	86	253,152	21,986,549
EXPENDITURES								
Current:								
General government	1,585,233	-	-	-	-	-	-	1,585,233
Community development	36,760	1,991,931	164,934	-	-	-	55,936	2,249,561
Public safety	8,549,856	-	-	-	-	-	145,803	8,695,659
Public works	807,091	-	-	2,295,649	-	-	26,662	3,129,402
Parks and recreation	1,318,785	-	-	-	-	-	-	1,318,785
Capital outlay:								
Public safety	74,878	-	-	-	-	-	-	74,878
Parks and recreation	-	-	-	-	3,450,999	-	-	3,450,999
Debt service:								
Bond issuance costs	-	-	-	-	-	227,866	-	227,866
Total expenditures	12,372,603	1,991,931	164,934	2,295,649	3,450,999	227,866	228,401	20,732,383
Excess (deficiency) of revenues over (under) expenditures	2,297,959	(301,374)	202,919	(753,677)	11,368	(227,780)	24,751	1,254,166
OTHER FINANCING SOURCES (USES)								
Proceeds of issuance of debt	-	-	-	-	-	17,048,000	-	17,048,000
Operating transfers in	411,361	1,359	817	15,993	-	227,866	47,037	704,433
Operating transfers out	(740,411)	(10,828)	(523)	(2,500)	-	-	(35,523)	(789,785)
Total other financing sources (uses)	(329,050)	(9,469)	294	13,493	-	17,275,866	11,514	16,962,648
Net change in fund balances	1,968,909	(310,843)	203,213	(740,184)	11,368	17,048,086	36,265	18,216,814
Fund balances - beginning, restated	10,928,093	1,310,996	1,407,409	3,322,102	8,823	6,270	319,505	17,303,198
Fund balances - ending	<u>\$ 12,897,002</u>	<u>\$ 1,000,153</u>	<u>\$ 1,610,622</u>	<u>\$ 2,581,918</u>	<u>\$ 20,191</u>	<u>\$ 17,054,356</u>	<u>\$ 355,770</u>	<u>\$ 35,520,012</u>

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

CITY OF CORCORAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

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

Net change in fund balances - total governmental funds	\$ 18,216,814
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is capitalized. This is the amount of capital assets recorded.	4,508,229
Depreciation expense on capital assets is reported in the government-wide statement of activities, but it does not require the use of current financial resources; therefore, depreciation expense is not reported as an expenditure in the governmental funds.	(926,128)
Compensated absences expense reported in the statement of activities does not require the use of current financial resources; therefore, it is not reported as an expenditure in the governmental funds.	(32,758)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(35,654)
The net change in unavailable revenue as a result of the distribution, payments, interest accrued, and foreclosures of housing loans previously identified as unavailable revenue in the governmental funds are recognized in the statement of activities.	(443,479)
The issuance of long-term debt (e.g., bonds) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(17,048,000)
Net pension liability and pension related deferred outflows and inflows of resources are not due in the current period and, therefore, are not reported in the funds.	4,608,269
Additional accrued interest calculated on bonds and notes payable does not require the use of current financial resources.	<u>(91,159)</u>
Change in net position of governmental activities	<u>\$ 8,756,134</u>

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

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ENTERPRISE FUNDS

**CITY OF CORCORAN
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
JUNE 30, 2022**

	Water Fund	Sewer Fund	Refuse Fund	Transit Fund	Storm Drain Fund	Total
ASSETS						
Current assets:						
Cash and investments:						
Unrestricted	\$ 6,711,412	\$ 1,513,833	\$ 128,181	\$ 2,242,884	\$ -	\$ 10,596,310
Restricted	6,408,228	679,171	-	85,256	969,998	8,142,653
Cash and investments with fiscal agent - restricted	1,049,203	29,066	14,038	44,665	8,832	1,145,804
Receivables, net of allowance	541,794	348,575	355,502	431,040	137,968	1,814,879
Lease receivable	-	314,030	-	-	-	314,030
Prepays	78,185	-	-	39,096	-	117,281
Total current assets	14,788,822	2,884,675	497,721	2,842,941	1,116,798	22,130,957
Noncurrent assets:						
Capital assets:						
Nondepreciable	4,407,784	2,640,222	-	57,500	344,332	7,449,838
Depreciable, net of accumulated depreciation	16,020,794	1,985,950	-	1,745,996	1,401,789	21,154,529
Total noncurrent assets	20,428,578	4,626,172	-	1,803,496	1,746,121	28,604,367
Total assets	35,217,400	7,510,847	497,721	4,646,437	2,862,919	50,735,324
DEFERRED OUTFLOWS OF RESOURCES						
Deferred refunding	3,617,199	-	-	-	-	3,617,199
Pension related	696,197	414,206	25,649	554,398	96,616	1,787,066
Total deferred outflows of resources	4,313,396	414,206	25,649	554,398	96,616	5,404,265
LIABILITIES						
Current liabilities:						
Accounts payable	309,882	40,635	164,582	14,416	3,457	532,972
Wages and benefits payable	26,714	9,378	460	17,866	2,591	57,009
Interest payable	368,744	-	-	-	-	368,744
Unearned revenue	3,117	-	34,155	181,976	-	219,248
Due to other funds	-	-	-	-	10,264	10,264
Compensated absences	16,265	7,511	389	8,159	-	32,324
Long-term debt	564,668	-	-	-	-	564,668
Total current liabilities	1,289,390	57,524	199,586	222,417	16,312	1,785,229
Noncurrent liabilities:						
Compensated absences	27,192	10,378	3,249	16,301	3,362	60,482
Advances from other funds	8,229,417	1,194,617	21,626	536,955	1,298,295	11,280,910
Long-term debt	21,722,042	-	-	-	-	21,722,042
Net pension liability	461,221	274,573	16,836	367,535	64,056	1,184,221
Total noncurrent liabilities	30,439,872	1,479,568	41,711	920,791	1,365,713	34,247,655
Total liabilities	31,729,262	1,537,092	241,297	1,143,208	1,382,025	36,032,884
DEFERRED INFLOWS OF RESOURCES						
Pension related	442,714	263,205	16,460	352,279	61,388	1,136,046
Lease related	-	384,268	-	-	-	384,268
Total deferred inflows of resources	442,714	647,473	16,460	352,279	61,388	1,520,314
NET POSITION						
Net investment in capital assets	252,402	4,449,953	-	1,803,496	1,494,443	8,000,294
Restricted for:						
Pension contributions	145,392	29,066	14,038	44,665	8,830	241,991
Debt service	903,811	-	-	-	-	903,811
Unrestricted	6,057,215	1,261,469	251,575	1,857,187	12,849	9,440,295
Total net position	\$ 7,358,820	\$ 5,740,488	\$ 265,613	\$ 3,705,348	\$ 1,516,122	\$ 18,586,391

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

CITY OF CORCORAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Water Fund	Sewer Fund	Refuse Fund	Transit Fund	Storm Drain Fund	Total
OPERATING REVENUES:						
Charges for services	\$ 5,440,308	\$ 1,418,559	\$ 2,429,949	\$ 36,217	\$ 320,136	\$ 9,645,169
Connection fees	480	-	-	-	-	480
Total operating revenues	<u>5,440,788</u>	<u>1,418,559</u>	<u>2,429,949</u>	<u>36,217</u>	<u>320,136</u>	<u>9,645,649</u>
OPERATING EXPENSES:						
Personnel costs	833,454	455,634	21,253	674,900	121,570	2,106,811
Maintenance and supplies	2,624,280	531,326	1,998,457	66,632	97,629	5,318,324
Depreciation	1,250,672	149,310	-	202,326	101,871	1,704,179
Administrative and allocated costs	625,495	231,888	219,549	322,350	86,069	1,485,351
Total operating expenses	<u>5,333,901</u>	<u>1,368,158</u>	<u>2,239,259</u>	<u>1,266,208</u>	<u>407,139</u>	<u>10,614,665</u>
Operating income (loss)	<u>106,887</u>	<u>50,401</u>	<u>190,690</u>	<u>(1,229,991)</u>	<u>(87,003)</u>	<u>(969,016)</u>
NONOPERATING REVENUES (EXPENSES):						
Investment income (loss)	2,777	615	(2,025)	(977)	(411)	(21)
Rental income	-	-	-	3,300	-	3,300
Grants	175,130	76,553	5,576	24,735	20,846	302,840
Intergovernmental	143,192	-	-	804,013	-	947,205
Other revenues	2,457	-	-	(13,529)	-	(11,072)
Gain on sale of assets	1,020	-	765	2,125	-	3,910
Interest and fiscal charges	(852,507)	-	-	-	-	(852,507)
Total nonoperating revenues (expenses)	<u>(527,931)</u>	<u>77,168</u>	<u>4,316</u>	<u>819,667</u>	<u>20,435</u>	<u>393,655</u>
Income (loss) before transfers and capital contributions	<u>(421,044)</u>	<u>127,569</u>	<u>195,006</u>	<u>(410,324)</u>	<u>(66,568)</u>	<u>(575,361)</u>
Operating transfers in	53,687	90,462	1,603	45,634	8,679	200,065
Operating transfers out	(76,022)	(14,474)	(509)	(12,631)	(11,077)	(114,713)
Capital contributions	6,564	1,828,174	-	-	14,319	1,849,057
Change in net position	<u>(436,815)</u>	<u>2,031,731</u>	<u>196,100</u>	<u>(377,321)</u>	<u>(54,647)</u>	<u>1,359,048</u>
Net position - beginning	<u>7,795,635</u>	<u>3,708,757</u>	<u>69,513</u>	<u>4,082,669</u>	<u>1,570,769</u>	<u>17,227,343</u>
Net position - ending	<u>\$ 7,358,820</u>	<u>\$ 5,740,488</u>	<u>\$ 265,613</u>	<u>\$ 3,705,348</u>	<u>\$ 1,516,122</u>	<u>\$ 18,586,391</u>

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

**CITY OF CORCORAN
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Water Fund	Sewer Fund	Refuse Fund	Transit Fund	Storm Drain Fund	Total
Cash flows from operating activities:						
Cash received from customers	\$ 5,521,888	\$ 1,417,051	\$ 2,416,583	\$ 36,217	\$ 313,921	\$ 9,705,660
Cash payments to suppliers for goods and services	(2,938,883)	(585,052)	(2,005,161)	(100,205)	(117,124)	(5,746,425)
Cash payments to employees for services	(1,272,584)	(729,282)	(42,209)	(1,018,508)	(185,690)	(3,248,273)
Cash payments to other funds for allocated costs	(625,495)	(231,888)	(219,549)	(322,350)	(86,069)	(1,485,351)
Net cash provided (used) by operating activities	<u>684,926</u>	<u>(129,171)</u>	<u>149,664</u>	<u>(1,404,846)</u>	<u>(74,962)</u>	<u>(774,389)</u>
Cash flows from noncapital financing activities:						
Cash received from intergovernmental revenues	266,061	(28,686)	5,576	1,335,469	1,279	1,579,699
Cash payments to (from) other funds (short-term borrowings)	8,229,417	1,194,617	(15,866)	536,955	1,290,955	11,236,078
Cash received from transfers from other funds	53,687	90,462	1,603	45,634	8,679	200,065
Cash payments for transfers to other funds	(76,022)	(14,474)	(509)	(12,631)	(11,077)	(114,713)
Cash received from other revenue	2,457	-	-	(13,529)	-	(11,072)
Net cash provided (used) by noncapital financing activities	<u>8,475,600</u>	<u>1,241,919</u>	<u>(9,196)</u>	<u>1,891,898</u>	<u>1,289,836</u>	<u>12,890,057</u>
Cash flows from capital and related financing activities:						
Cash payments for principal paid on capital debt	(544,668)	-	-	-	-	(544,668)
Cash payments for interest on capital debt	(717,194)	-	-	-	-	(717,194)
Cash payments for the acquisition of capital assets	(2,241,240)	(365,172)	-	(35,000)	(242,458)	(2,883,870)
Cash received from the sale of capital assets	1,020	-	765	2,125	-	3,910
Net cash provided (used) by capital and related financing activities	<u>(3,502,082)</u>	<u>(365,172)</u>	<u>765</u>	<u>(32,875)</u>	<u>(242,458)</u>	<u>(4,141,822)</u>
Cash flows from investing activities:						
Cash received from interest on investments	(2,777)	(848)	(2,166)	(2,609)	(599)	(8,999)
Cash received from the rental of property	-	70,238	-	3,300	-	73,538
Net cash provided (used) by investing activities	<u>(2,777)</u>	<u>69,390</u>	<u>(2,166)</u>	<u>691</u>	<u>(599)</u>	<u>64,539</u>
Increase (decrease) in cash and cash equivalents	5,655,667	816,966	139,067	454,868	971,817	8,038,385
Cash and cash equivalents, beginning	<u>8,513,176</u>	<u>1,405,104</u>	<u>3,152</u>	<u>1,917,937</u>	<u>7,013</u>	<u>11,846,382</u>
Cash and cash equivalents, ending	<u>\$ 14,168,843</u>	<u>\$ 2,222,070</u>	<u>\$ 142,219</u>	<u>\$ 2,372,805</u>	<u>\$ 978,830</u>	<u>\$ 19,884,767</u>

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

**CITY OF CORCORAN
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022
(Continued)**

	Water Fund	Sewer Fund	Refuse Fund	Transit Fund	Storm Drain Fund	Total
Operating income (loss)	\$ 106,887	\$ 50,401	\$ 190,690	\$ (1,229,991)	\$ (87,003)	\$ (969,016)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	1,250,672	149,310	-	202,326	101,871	1,704,179
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable, net	78,099	(1,508)	(34,751)	-	(6,215)	35,625
(Increase) decrease in prepaid expenses	3,128	-	-	(39,096)	-	(35,968)
(Increase) decrease in deferred outflows of resources	(505,948)	(301,005)	(17,295)	(404,462)	(70,213)	(1,298,923)
Increase (decrease) in accounts payable	(317,731)	(53,726)	(6,704)	5,523	(19,495)	(392,133)
Increase (decrease) in wages and benefits payable	7,381	(1,610)	(600)	6,623	(453)	11,341
Increase (decrease) in compensated absences	766	(2,248)	121	4,050	(733)	1,956
Increase (decrease) in unearned revenue	3,001	-	21,385	-	-	24,386
Increase (decrease) in deferred inflows of resources	391,051	233,833	13,993	312,889	54,533	1,006,299
Increase (decrease) in net pension liability	(332,380)	(202,618)	(17,175)	(262,708)	(47,254)	(862,135)
Net cash provided (used) by operating activities	<u>\$ 684,926</u>	<u>\$ (129,171)</u>	<u>\$ 149,664</u>	<u>\$ (1,404,846)</u>	<u>\$ (74,962)</u>	<u>\$ (774,389)</u>

Reconciliation of Cash to Balance Sheet

	Water Fund	Sewer Fund	Refuse Fund	Transit Fund	Storm Drain Fund	Total
Cash and cash equivalents:						
Unrestricted	\$ 6,711,412	\$ 1,513,833	\$ 128,181	\$ 2,242,884	\$ -	\$ 10,596,310
Restricted	6,408,228	679,171	-	85,256	969,998	8,142,653
Cash and investments with fiscal agent - restricted	<u>1,049,203</u>	<u>29,066</u>	<u>14,038</u>	<u>44,665</u>	<u>8,832</u>	<u>1,145,804</u>
Total cash and cash equivalents	<u>\$ 14,168,843</u>	<u>\$ 2,222,070</u>	<u>\$ 142,219</u>	<u>\$ 2,372,805</u>	<u>\$ 978,830</u>	<u>\$ 19,884,767</u>
Schedule of Non-Cash Capital and Related Financing Activities:						
Capital contributions	<u>\$ 6,564</u>	<u>\$ 1,828,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,319</u>	<u>\$ 1,849,057</u>

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

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FIDUCIARY FUNDS

**CITY OF CORCORAN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022**

	Successor Agency Private Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and investments:		
Unrestricted	\$ 265,929	\$ 38,655
Cash with fiscal agent	8	-
Receivables:		
Other	-	11,785
Notes	-	519,464
Property held for resale	354,780	-
Total assets	620,717	569,904
DEFERRED OUTFLOWS OF RESOURCES		
Loss on bond refunding	133,740	-
Total deferred outflows of resources	133,740	-
LIABILITIES		
Accounts payable	857	29,827
Wages and benefits payable	5,527	-
Interest payable	10,646	-
Compensated Absences	20,644	-
Bond payable	1,046,000	-
Due to other organizations	-	11,014
Total liabilities	1,083,674	40,841
NET POSITION		
Restricted for:		
Individuals, organizations, and other governments	-	529,063
Redevelopment agency dissolution	(329,217)	-
Total net position (deficit)	\$ (329,217)	\$ 529,063

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

**CITY OF CORCORAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Successor Agency Private Purpose Trust Fund</u>	<u>Custodial Funds</u>
ADDITIONS		
Contributions:		
Donations and fundraising	\$ -	\$ 3,841
Employee contributions	-	28,596
Taxes	511,508	-
Other	<u>7,708</u>	<u>-</u>
Total additions	<u>519,216</u>	<u>32,437</u>
DEDUCTIONS		
Planning and community development	189,258	-
Payments of loan proceeds	-	29,611
Payments of benefits	-	28,596
Community outreach	-	6,787
Interest	43,023	-
Loss on sale of property	<u>75,802</u>	<u>-</u>
Total deductions	<u>308,083</u>	<u>64,994</u>
Net increase (decrease) in fiduciary net position	211,133	(32,557)
Net position - beginning	<u>(540,350)</u>	<u>561,620</u>
Net position - ending	<u>\$ (329,217)</u>	<u>\$ 529,063</u>

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Corcoran (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the government's accounting principles are described below.

A. Reporting Entity

The City of Corcoran (the City) was incorporated on August 11, 1914 as a general law city. The City has a council/manager form of government and is governed by a five-member elected council. The City Manager is appointed by the City Council. The City provides the following services: public safety (police), water utility, sanitation (solid waste disposal, sanitary wastewater and storm water utilities), parks and recreation, community development, public works, and general administrative services.

A primary government is financially accountable if a) it appoints a voting majority of an organization's governing body and it is able to impose its will on the organization, b) or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Based upon the application of these criteria, the following is a brief description of each component unit included within the City's reporting entity. The City's component unit has been "blended" as though it is part of the primary government because the component unit's governing body is substantially the same as the City's primary government and there is a financial benefit or burden relationship between the City and the component unit, management of the City has operational responsibilities for the component unit, and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it, or the City is entirely or almost entirely responsible for the repayment of the debt of the component unit.

B. Blended Component Unit

The **Corcoran Joint Powers Finance Authority** (the Authority) is a nonprofit corporation incorporated under the laws of the State of California in 1987. The formation of the Authority creates a financing entity through which tax allocation revenue bonds can be issued for the purpose of financing or refinancing capital projects of the Community Redevelopment Agency as permitted by the Community Law. The City Council acts as the governing board of the Authority and is responsible for the Authority's fiscal and administrative activities. The funds of the Authority have been included in the governmental activities in the financial statements.

C. Basis of Presentation

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

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

CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated: Due to/Due from Other Funds, Interfund Note Receivable/Interfund Long-term Debt, and Transfers In/Transfers Out.

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

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

The City reports the following major governmental funds:

- The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- The **Community Development Block Grant Special Revenue Fund** is used to account for the federal grants that provide for development of a viable urban community by providing suitable housing, principally for low and moderate income residents.
- The **HOME Program Special Revenue Fund** is used to account for the federal grants that provide financing for low-income household for the acquisition, rehabilitation, or new construction of single-family homes.
- The **Transportation and Streets Special Revenue Fund** is used to account for the resources provided by the State of California for the Transit Division and street and road improvements.
- The **Parks Capital Fund** is used to account for residential development tax funds that are restricted to acquisition, improvement and expansion of public park, playground and recreation facilities.
- The **Debt Service Fund** is used to account for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term obligations of governmental funds.

CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

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

The City has five major enterprise funds, the Water, Sewer, Refuse, Transit, and Storm Drain, which are used to account for operations that are financed and operated in a manner similar to private business enterprise. In an enterprise fund, the intent of the City Council is that costs (expenses, including depreciation) of providing services to the general public, on a continuing basis, be financed or recovered primarily through user charges.

The City reports the following major enterprise funds:

- The **Water Fund** accounts for financial activity of the water utility system.
- The **Sewer Fund** is used to account for the financial activity of the sewage collection and wastewater treatment utility system.
- The **Refuse Fund** is used to account for the financial activity of the solid waste collection and disposal utility system.
- The **Transit Fund** is used to account for the financial activity of the transit activities including Dial-A-Ride, Amtrak ticket sales, and related street construction and maintenance.
- The **Storm Drain Fund** is used to account for the financial activity of the storm drain system.

The City's fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary fund's activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The City uses a private purpose trust fund to account for activities and changes in fiduciary net position of the Successor Agency. The City uses Custodial Funds to account for assets held by the City as a custodian for other individuals, entities, and organizations.

Fiduciary funds are not reflected in the government-wide statements because the resources of those funds are not available to support the City's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

The City reports the following fiduciary funds:

- The **Successor Agency Private Purpose Trust Fund** is used to account for assets and liabilities of the former redevelopment agency until they are distributed to other units of state and local government as a result of the dissolution of the redevelopment agency.
- The **Custodial Funds** are funds held by the City in a custodian capacity for individuals and entities outside of the government. The financial activities of this fund type are excluded from the government-wide financial statements but are presented in separate fiduciary fund financial statements.

CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting

Government-Wide, Proprietary and Fiduciary Fund Financial Statements – The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary funds financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, certain grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales taxes are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Property and sales taxes, interest, and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments and compensated absences, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. *Operating revenues*, such as charges for services, result from exchange transactions associated with the principal activity of each fund. *Nonoperating revenues*, such as interest income, state and federal grants, and subsidies, result from nonexchange transactions or ancillary activities. *Operating expenses* include costs for providing services and delivering goods such as administrative expenses and depreciation on capital assets. All other expenses not meeting this definition are reported as *nonoperating expenses*.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

For the statement of cash flows, the City considers all highly liquid investments with maturities of three months or less when acquired as cash and cash equivalents.

All cash and cash equivalents of the enterprise funds are pooled with the City's pooled cash and cash equivalents.

Restricted Assets

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

CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Interfund Transactions

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

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

Receivables

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

Grant and entitlement revenues are recorded as receivables in the funds when all eligibility requirements have been met. The corresponding governmental fund revenues are recorded when they become available, with the differences recorded as unavailable revenue. Enterprise fund revenues are recorded as nonoperating revenues when the receivables are recorded. Some grant and entitlement revenues are not susceptible to accrual, in which case the corresponding revenues are recorded when received.

Property Tax Calendar

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

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

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

**CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets

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

Buildings and improvements	25-40 years
Infrastructures	20-40 years
Equipment	3-10 years
Vehicles	5-10 years
Utility system	30 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with Statement No. 34, the City has included the value of all infrastructure acquired since the beginning of the 2003 fiscal year. The City made a decision not to capitalize infrastructure in place prior to the adoption of GASB Statement No 34.

The City defines infrastructure as capital assets that are stationery and have expected useful lives significantly in excess of most capital assets. The assets include the street system, water purification and distribution system, sewer collection and treatment system, park and recreation improvement, storm water conveyance system, and buildings combined with the site amenities such as parking and landscaped areas used by the City in the conduct of its business.

Risk Management

The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

Property Held for Resale

Property held for resale consists of parcels of land and improvements. The parcels are recorded at cost unless obtained by the City as a result of defaulted low and moderate income loans which are recorded at fair market value.

Interest Payable

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

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

Unearned Revenue

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

CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Unavailable Revenue

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

Leases

Lessee: At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases, which it has determined is the prime rate at the inception of the lease.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for various leases of buildings and property. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences Payable

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

The City limits accumulated vacation to 30 working days for employees and 45 working days for management. All outstanding vacation pay is payable upon termination of employment.

Pensions

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

Long-Term Debt

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

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

CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Classification of Net Position

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

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

Restricted net position – This category represents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Additionally, this category presents restrictions placed on the categories of capital projects, and specific projects and programs as established by the City Council.

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

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

Fund Balance

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

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

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

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

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

Unassigned – This classification includes any negative residual amounts that may exist as a result of expenditures incurred for specific purposes in excess of amounts restricted, committed or assigned to those purposes.

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

**CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Minimum Fund Balance Policy

The City’s current minimum fund balance policy requires the City to maintain a General Fund reserve of \$2,000,000 which will not be used to support long-term, on-going operating expenditures unless specifically approved by the City Council.

Encumbrances

The City does not use encumbrance accounting.

Budgetary and Budgetary Accounting

Budgets are adopted annually for the general funds, special revenue funds, capital funds, debt service funds, and enterprise funds. Formal budgetary integration is employed as a management control device during the year for these funds. The annual budgets are prepared on the basis of accounting utilized by the fund.

Expenditures may not legally exceed budgeted appropriations at the fund level. All revisions must be reported to the City Council.

Use of Estimates

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

NOTE 2 – CASH AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on the month-end cash and investment balances.

A. Summary of Deposits and Investments

A reconciliation of the City’s deposit and investment balances as of June 30, 2022 is as follows:

Cash on hand	\$ 1,685
Deposits with financial institutions	10,268,822
Investments	<u>25,465,894</u>
 Total cash and investments	 <u>\$ 35,736,401</u>
 Government-Wide:	
Statement of Net Position:	
Unrestricted	\$ 24,447,326
Restricted	9,015,134
Cash with fiscal agents - restricted	1,969,349
 Fiduciary Funds:	
Statement of Net Position:	
Cash and investments	304,584
Cash with fiscal agent	<u>8</u>
 Total cash and investments	 <u>\$ 35,736,401</u>

**CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

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

Securities of the U.S. Government, or its agencies	Local agency investment fund deposits (state pool)
Certificates of deposit (or time deposits) placed with commercial banks and/or savings & loan companies	Passbook savings account demand deposits
Negotiable certificates of deposit	Small business administration loans
Bankers' acceptances	Repurchase agreements
Commercial paper	Reverse repurchase agreements

C. Investments Authorized by the Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in On Issuer
U.S. Treasury Bonds/Bills	None	None	None
U.S. Government Agency Bonds	None	None	None
Negotiable Certificates of Deposit	365 days	None	None
Time Certificates of Deposit	365 days	None	None
Banker's Acceptances	365 days	None	None
Commercial Paper	365 days	None	None
Money Market Fund	None	None	None

All City investment activities were within State statutes and the City’s investment policy.

CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by maintaining funds in liquid, short-term investments which can be converted to cash when necessary to meet disbursement requirements.

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

Investment Type	Total	Remaining Maturity (in Months) 12 Months or Less
State investment pool	\$ 23,336,063	\$ 23,336,063
CSJVRMA investment pool	160,475	160,475
Public Agency Retirement Fund (PARS)	1,065,545	1,065,545
Held by bond trustee:		
Money market funds	<u>903,811</u>	<u>903,811</u>
Total	<u>\$ 25,465,894</u>	<u>\$ 25,465,894</u>

E. 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 (where applicable) by the California Government Code, the City’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type. The column marked “exempt from disclosure” identifies those investment types for which GASB Statement No. 40 does not require disclosure as to credit risk:

Investment Type	Total	Rating as of Year-End	
		Aaa-mf	Not Rated
State investment pool	\$ 23,336,063	\$ -	\$ 23,336,063
CSJVRMA investment pool	160,475	-	160,475
Public Agency Retirement Fund (PARS)	1,065,545	-	1,065,545
Held by bond trustee:			
Money market funds	<u>903,811</u>	<u>903,811</u>	<u>-</u>
Total	<u>\$ 25,465,894</u>	<u>\$ 903,811</u>	<u>\$ 24,562,083</u>

F. 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. The City does not have any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City’s investments.

CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

G. Custodial Credit Risk

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

GASB Statement No. 40 requires the following disclosure be made with respect to custodial credit risk relating to deposits and investments.

As of June 30, 2022, the carrying amount of the City's bank deposits was \$10,268,822 and the respective bank balances totaled \$12,035,202. The total amount of bank balances was insured and/or collateralized with securities held by the pledging financial institutions in the City's name.

H. Local Agency Investment Fund

The City participates in an external investment pool, as defined by the Government Accounting Standards Board (GASB) Statement No. 31, by way of its funds on deposit in the Local Agency Investment Fund (LAIF) managed by the State of California Treasurer and is not registered with the Securities and Exchange Commission. These funds are pooled with those of other agencies in the State and invested in accordance with State guidelines. The value of the City's shares in the LAIF that may be withdrawn is determined on an amortized costs basis, which may be different from the fair value of the City's position in the pool. The City's portion of the June 30, 2022 balance was \$23,336,063. A breakdown of the investments included in the balance is not available at the balance sheet date.

I. Investment Valuation

The City categorizes the fair value of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Fair value measurements of the City's investments are as follows at June 30, 2022:

- Investments in the Local Agency Investment Fund (LAIF) are valued at \$23,336,063 based on the City's pro-rata share of the amortized cost provided by LAIF for the entire LAIF portfolio. LAIF invests in numerous types of investments ranging all levels of the fair value hierarchy. Accordingly, LAIF is not an investment type that can be categorized in any particular level in the fair value hierarchy.
- Investments in the CSJVRMA Investment Pool (CSJVRMA) are valued at \$160,475 based on the City's pro-rata share of the amortized cost provided by CSJVRMA for the entire CSJVRMA portfolio. CSJVRMA invests in numerous types of investments ranging all levels of the fair value hierarchy. Accordingly, CSJVRMA is not an investment type that can be categorized in any particular level in the fair value hierarchy.
- Investments in the Public Agency Retirement Fund (PARS) consists of mutual funds, index funds, money market funds and cash holdings for which identical assets are not found within active markets. These investments have been classified as Level 2 within the fair value hierarchy.

**CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 – RECEIVABLES

Receivables as of June 30, 2022 consisted of the following for the governmental funds:

	Special Revenue Funds				Capital Projects Fund	Debt Service Fund	Nonmajor Special Revenue Funds	Total Governmental Funds
	General	Community Development Block Grant	HOME Program	Transportation and Streets	Parks Capital	Debt Service		
Receivables:								
Intergovernmental	\$ 3,456,248	\$ 278,433	\$ -	\$ 562,425	\$ 2,955,457	\$ -	\$ 27,601	\$ 7,280,164
Interest	12,326	1,774	2,768	4,805	28	-	765	22,466
Other	156,302	-	-	4,068	4,103	42	-	164,515
Notes	-	3,075,102	7,290,185	-	-	-	155,859	10,521,146
Receivables	<u>\$ 3,624,876</u>	<u>\$ 3,355,309</u>	<u>\$ 7,292,953</u>	<u>\$ 571,298</u>	<u>\$ 2,959,588</u>	<u>\$ 42</u>	<u>\$ 184,225</u>	<u>\$ 17,988,291</u>

Receivables as of June 30, 2022 consisted of the following for the enterprise funds:

	Water Fund	Sewer Fund	Refuse Fund	Transit Fund	Storm Drain Fund	Total
Receivables:						
Accounts	\$ 518,254	\$ 214,585	\$ 374,644	\$ -	\$ 61,327	\$ 1,168,810
Interest	11,575	2,509	141	2,906	439	17,570
Intergovernmental	52,261	149,293	-	428,134	79,992	709,680
Other	24,279	-	7,971	-	-	32,250
Allowance for uncollectibles	(64,575)	(17,812)	(27,254)	-	(3,790)	(113,431)
Receivables, net	<u>\$ 541,794</u>	<u>\$ 348,575</u>	<u>\$ 355,502</u>	<u>\$ 431,040</u>	<u>\$ 137,968</u>	<u>\$ 1,814,879</u>

NOTE 4 – INTERFUND TRANSACTIONS

A. Due to and From Other Funds

Due to/from balances have primarily been recorded when funds overdraw their share of pooled cash. Activities within fund types have been eliminated within the government-wide financial statements. Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year.

	Due From	Due To
Governmental Funds		
Major Funds:		
General Fund	\$ 2,267,124	\$ -
Parks Capital Special Revenue Fund	-	2,192,502
Nonmajor Funds:		
Police Department Construction	-	54,952
Restricted Property Acquisitions Special Revenue Fund	-	9,406
Enterprise Funds		
Major Funds:		
Storm Drain Fund	-	10,264
Total	<u>\$ 2,267,124</u>	<u>\$ 2,267,124</u>

CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 – INTERFUND TRANSACTIONS (Continued)

A. Due to and From Other Funds (Continued)

The balances due to the General Fund from the above listed funds represent short-term borrowing resulting from a temporary need for additional cash. This amount is expected to be repaid shortly after the end of the fiscal year.

B. Transfers In and Transfers Out

With the City Council's approval, resources may be transferred from one City fund to another. Transfers within fund types have been eliminated within the government-wide financial statements.

In general, the City uses interfund transfers to:

- Transfer unrestricted revenues collected in the General Fund to help finance various programs and capital projects accounted for in other funds
- Transfer unrestricted revenues collected in the General Fund to help cover excess expenditures over revenues accounted for in other funds
- Fund operations (transfer revenues from the funds that collect them to the funds that statute or budget requires to expend them)
- Fund capital projects

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds		
Major Funds:		
General Fund	\$ 411,361	\$ 740,411
Community Development Block Grant Special Revenue Fund	1,359	10,828
Home Program Special Revenue Fund	817	523
Transportation and Streets Special Revenue Fund	15,993	2,500
Debt Service Funds	227,866	-
Nonmajor Funds:		
Public Safety Special Revenue Fund	-	35,000
Assessment Districts	1,220	-
Police Department Construction Special Revenue Fund	45,000	-
Housing Authority Special Revenue Fund	817	523
Enterprise Funds		
Major Funds:		
Water	53,687	76,022
Sewer	90,462	14,474
Refuse	1,603	509
Transit	45,634	12,631
Storm drain	<u>8,679</u>	<u>11,077</u>
 Total	 <u>\$ 904,498</u>	 <u>\$ 904,498</u>

CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 – INTERFUND TRANSACTIONS (Continued)

C. Advances From/To Other Funds

Advances constitute long-term borrowing between funds. Advances typically carry a stated interest rate and have scheduled debt service payments. They are not expected to be repaid within one year. The long-term interfund loan balances as of June 30, 2022 are as follows:

	<u>Advances From</u>	<u>Advances To</u>
Governmental Funds		
Major Funds:		
General Fund	\$ -	\$ 5,581,103
Community Development Block Grant Special Revenue Fund	-	35,220
HOME Program Special Revenue Fund	-	22,244
Transportation and Streets Special Revenue Fund	-	106,279
Debt Service Funds	17,048,000	-
Nonmajor Funds:		
Housing Authority Special Revenue Fund	-	22,244
Enterprise Funds		
Major Funds:		
Water Fund	-	8,229,417
Sewer Fund	-	1,194,617
Refuse Fund	-	21,626
Transit Fund	-	536,955
Storm Drain Fund	-	1,298,295
Total	<u>\$ 17,048,000</u>	<u>\$ 17,048,000</u>

The balances advanced from the General Fund to the above listed funds represents each fund's allocation of the Energy Equipment Financing Lease (see Note 9). This amount is expected to be repaid over the term of the related long-term debt agreement.

NOTE 5 – NOTES RECEIVABLE

Notes receivable consisted of the following as of June 30, 2022:

	<u>Major Funds</u>		<u>Nonmajor Special Revenue Funds</u>	
	<u>Community Development Block Grant Special Revenue Fund</u>	<u>HOME Program Special Revenue Fund</u>	<u>Housing Authority Special Revenue Fund</u>	<u>Total</u>
Loans receivable under the Community Development Block Grant Programs, secured by deeds of trust on the rehabilitated properties.	\$ 3,075,102	\$ -	\$ 155,859	\$ 3,230,961
Loans receivable under the HOME Program, secured by deeds of trust on the rehabilitated properties.	-	7,290,185	-	7,290,185
Total notes receivable	<u>\$ 3,075,102</u>	<u>\$ 7,290,185</u>	<u>\$ 155,859</u>	<u>\$ 10,521,146</u>

Program disbursements are recorded as expenditures in the year the loans are made to participants even though the amounts will be recovered as the loans are repaid. The City maintains detailed records of these loans and records loan principal and interest payments as program revenues in the year such payments are received. Loans recorded as receivable include "performing" loans with monthly/annual activity and "deferred" loans that do not require payments until a future date, as described in the following paragraph.

CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 – NOTES RECEIVABLE (Continued)

The deferred payment loan receivables under the Community Development Block Grant Programs, HOME Program, the State Deferred Loan Program, and Community Redevelopment Housing Set-Aside Funds are not required to be paid back until the participating homeowner sells, transfers title to the rehabilitated property, or discontinues residence in the dwelling, or a certain agreed-upon amount of time has passed, at which time the full amount of the deferred loan is due. Deferred payment loans are “non-performing” loans; however, since it is expected that the City will eventually receive full reimbursement for these loans, such loans are also included as receivables in the in the financial statements.

NOTE 6 – LEASES

Leasing operations consist of the following leases for governmental activities for the year ended June 30, 2022:

In 2017, the City began leasing a building to a third party. The lease term is for eight years. The City will receive monthly payments between \$8,758 and \$22,242 over the course of the lease. The City recognized \$156,430 in lease revenue and \$28,604 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the City’s receivable for lease payments was \$587,716. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$534,470.

In 2017, the City began leasing one of its buildings to a third party. The lease term is for four years, with an option to extend an additional four years. The City will receive monthly payments between \$800 and \$1,250 over the course of the lease. The City recognized \$8,003 in lease revenue and \$1,795 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the City’s receivable for lease payments was \$51,267. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$50,021.

In 2010, the City began leasing 136.5 acres of property to a third party. The lease term is for a total of 35 years. The City will receive monthly payments between \$125 per acre and \$875 per acre over the course of the lease. The City recognized \$50,320 in lease revenue and \$44,490 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the City’s receivable for lease payments was \$1,343,863. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$1,132,196.

In 2005, the City began leasing a parcel of property to a third party. The lease term is for a total of 24 years. The City will receive monthly payments between \$1,200 and \$1,603 per month over the course of the lease. The City recognized \$8,296 in lease revenue and \$6,901 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the City’s receivable for lease payments was \$93,136. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$58,071.

In 2005, the City began leasing a parcel of property and an easement to a third party. The lease term is for a total of 30 years. The City will receive monthly payments between \$6,000 and \$9,663 annually over the course of the lease. The City recognized \$4,244 in lease revenue and \$8,015 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the City’s receivable for lease payments was \$81,982. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$52,074.

During the year, the City began leasing one of its buildings to a third party. The lease term is for a total of 11 years. The City will receive monthly payments between \$800 and \$1,450 per month over the course of the lease. The City recognized \$4,065 in lease revenue and \$1,185 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the City’s receivable for lease payments was \$85,790. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$85,367.

CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – LEASES (Continued)

In 2020, the City began leasing one of its buildings to a third party. The lease term is for a total of 11 years. The City will receive monthly payments between \$3,000 and \$3,700 per month over the course of the lease. The City recognized \$31,928 in lease revenue and \$14,201 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the City's receivable for lease payments was \$284,486. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$271,384.

In 2018, the City began leasing one of its buildings to a third party. The lease term is for a total of 4 years and 8 months. The City will receive monthly payments between \$11,425 and \$12,610 per month over the course of the lease. The City recognized \$130,158 in lease revenue and \$8,134 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the City's receivable for lease payments was \$117,468. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$108,465.

Leasing operations consist of the following lease for enterprise activities for the year ended June 30, 2022:

In 2020, the City began leasing 230.2 acres of property to a third party. The lease term is for a total of five years. The City will receive monthly payments of \$300 per acre (or \$69,060) over the course of the lease. The City did not recognize any lease revenue or interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the City's receivable for lease payments was \$314,030. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$384,268.

NOTE 7 – CAPITAL ASSETS

Capital assets activity of the governmental activities for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021 (Restated)	Additions	Deletions	Balance June 30, 2022
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 502,027	\$ -	\$ -	\$ 502,027
Construction in progress	1,983,808	4,295,582	(366,381)	5,913,009
Perennial crops	147,577	51,522	-	199,099
Total capital assets not being depreciated	<u>2,633,412</u>	<u>4,347,104</u>	<u>(366,381)</u>	<u>6,614,135</u>
Capital assets being depreciated:				
Buildings and other improvements	17,470,447	-	-	17,470,447
Machinery and equipment	2,814,229	391,897	-	3,206,126
Infrastructure	8,552,278	-	-	8,552,278
Vehicles	1,608,500	135,609	(29,097)	1,715,012
Total capital assets being depreciated	<u>30,445,454</u>	<u>527,506</u>	<u>(29,097)</u>	<u>30,943,863</u>
Less accumulated depreciation for:				
Buildings and other improvements	(6,062,846)	(515,234)	-	(6,578,080)
Machinery and equipment	(2,346,187)	(95,614)	-	(2,441,801)
Infrastructure	(2,770,340)	(214,778)	-	(2,985,118)
Vehicles	(1,173,896)	(100,502)	29,097	(1,245,301)
Total accumulated depreciation	<u>(12,353,269)</u>	<u>(926,128)</u>	<u>29,097</u>	<u>(13,250,300)</u>
Total capital assets being depreciated, net	<u>18,092,185</u>	<u>(398,622)</u>	<u>-</u>	<u>17,693,563</u>
Governmental activities capital assets, net	<u>\$ 20,725,597</u>	<u>\$ 3,948,482</u>	<u>\$ (366,381)</u>	<u>\$ 24,307,698</u>

CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 – CAPITAL ASSETS (Continued)

Depreciation expense on capital assets was charged to the governmental functions as follows:

Governmental Activities:	
General government	\$ 221,277
Community development	569
Public safety	305,508
Public works	207,805
Parks and recreation	<u>190,969</u>
 Total	 <u>\$ 926,128</u>

Capital assets activity of the business-type activities for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,037,464	\$ -	\$ -	\$ 1,037,464
Construction in progress	<u>3,015,369</u>	<u>4,287,743</u>	<u>(890,738)</u>	<u>6,412,374</u>
Total capital assets not being depreciated	<u>4,052,833</u>	<u>4,287,743</u>	<u>(890,738)</u>	<u>7,449,838</u>
Capital assets being depreciated:				
Buildings and other improvements	2,474,210	134,224	-	2,608,434
Utility systems	48,213,359	1,037,471	-	49,250,830
Machinery and equipment	3,295,824	121,972	-	3,417,796
Vehicles	<u>1,984,181</u>	<u>42,255</u>	<u>(75,532)</u>	<u>1,950,904</u>
Total capital assets being depreciated	<u>55,967,574</u>	<u>1,335,922</u>	<u>(75,532)</u>	<u>57,227,964</u>
Less accumulated depreciation for:				
Buildings and other improvements	(1,038,266)	(82,978)	-	(1,121,244)
Utility systems	(29,807,853)	(1,363,830)	-	(31,171,683)
Machinery and equipment	(1,998,487)	(165,909)	-	(2,164,396)
Vehicles	<u>(1,600,182)</u>	<u>(91,462)</u>	<u>75,532</u>	<u>(1,616,112)</u>
Total accumulated depreciation	<u>(34,444,788)</u>	<u>(1,704,179)</u>	<u>75,532</u>	<u>(36,073,435)</u>
Total capital assets being depreciated, net	<u>21,522,786</u>	<u>(368,257)</u>	<u>-</u>	<u>21,154,529</u>
Business-type activities capital assets, net	<u>\$ 25,575,619</u>	<u>\$ 3,919,486</u>	<u>\$ (890,738)</u>	<u>\$ 28,604,367</u>

Depreciation expense was charged to business-type functions as follows:

Business-Type Activities:	
Water	\$ 1,250,672
Sewer	149,310
Transit	202,326
Storm Drain	<u>101,871</u>
 Total	 <u>\$ 1,704,179</u>

CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – COMPENSATED ABSENCES

The City's policy relating to compensated absences is described in Note 1. The ending balances and current year activity is summarized in the table below for the year ended June 30, 2022:

	<u>Balance June 30, 2021</u>	<u>Net Change</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More Than One Year</u>
Governmental Activities:					
Compensated absences	\$ 321,134	\$ 32,758	\$ 353,892	\$ 108,916	\$ 244,976
Business-Type Activities:					
Compensated absences	\$ 90,850	\$ 1,956	\$ 92,806	\$ 32,324	\$ 60,482
Fiduciary:					
Compensated absences	\$ 19,531	\$ 1,113	\$ 20,644	\$ 11,707	\$ 8,937

NOTE 9 – LONG-TERM DEBT

The following is a summary of long-term obligation transactions for governmental-type activities for the year ended June 30, 2022:

	<u>Balance July 1, 2021</u>	<u>Incurred or Issued</u>	<u>Satisfied or Matured</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More Than One Year</u>
Governmental Activities:						
<i>Direct Borrowings</i>						
2022 Energy Equipment Lease	\$ -	\$ 10,869,000	\$ -	\$ 10,869,000	\$ 195,000	\$ 10,674,000
2022 Taxable Pension Liability Refunding Lease	-	6,179,000	-	6,179,000	23,000	6,156,000
Total governmental activities	\$ -	\$ 17,048,000	\$ -	\$ 17,048,000	\$ 218,000	\$ 16,830,000

The following is a summary of long-term obligation transactions for business-type activities for the year ended June 30, 2022:

	<u>Balance July 1, 2021</u>	<u>Incurred or Issued</u>	<u>Satisfied or Matured</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due in More Than One Year</u>
Business-Type Activities:						
2012A Water Revenue Refunding Bonds	\$ 3,495,000	\$ -	\$ (185,000)	\$ 3,310,000	\$ 190,000	\$ 3,120,000
2016A Water Revenue Refunding Bonds	18,565,000	-	(330,000)	18,235,000	345,000	17,890,000
Plus: 2016A Water Revenue Refunding Bonds Premium	771,378	-	(29,668)	741,710	29,668	712,042
Total business-type activities	\$ 22,831,378	\$ -	\$ (544,668)	\$ 22,286,710	\$ 564,668	\$ 21,722,042

**CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 – LONG-TERM DEBT (Continued)

A. Notes Payable

The 2012A Water Revenue Refunding Bonds

The 2012A Water Revenue Refunding Bonds were issued September 26, 2012. These bonds provided for the refunding of the 2003 Certificates of Participations that were issued on July 1, 2003. Certificates authorized and issued have interest rates ranging from 3.00% to 4.00% and mature July 1, 2035. The 2012A series bonds include a provision whereby if the City defaults on any other debt instrument or other obligation, the Trustee, at its discretion, may declare all or any part of the bonds immediately due and payable.

The following is a schedule of the future estimated minimum payments related to the 2012A Water Revenue Refunding Bonds at June 30, 2022:

<u>Fiscal Years Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 190,000	114,488	\$ 304,488
2024	195,000	108,713	303,713
2025	200,000	76,216	276,216
2026	205,000	71,322	276,322
2027	215,000	71,322	286,322
2028-2032	1,185,000	241,033	1,426,033
2033-2037	<u>1,120,000</u>	<u>68,147</u>	<u>1,188,147</u>
Totals	<u>\$ 3,310,000</u>	<u>\$ 751,239</u>	<u>\$ 4,061,239</u>

The 2016A Water Revenue Refunding Bonds

The 2016A Water Revenue Refunding Bonds were issued August 11, 2016. These bonds provided for the refunding of the 2008 Certificates of Participations that were issued on March 27, 2008. Certificates authorized and issued have interest rates ranging from 2.00% to 4.00% and mature July 1, 2036. The 2016A series bonds include a provision whereby if the City defaults on any other debt instrument or other obligation, the Trustee, at its discretion, may declare all or any part of the bonds immediately due and payable.

The following is a schedule of the future estimated minimum payments related to the 2016A Water Revenue Refunding Bonds at June 30, 2022:

<u>Fiscal Years Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 345,000	\$ 613,250	\$ 958,250
2024	360,000	599,150	959,150
2025	375,000	584,450	959,450
2026	395,000	569,050	964,050
2027	405,000	553,050	958,050
2028-2032	2,305,000	2,501,850	4,806,850
2033-2037	3,125,000	1,985,050	5,110,050
2038-2042	5,050,000	1,269,000	6,319,000
2043-2047	<u>5,875,000</u>	<u>451,125</u>	<u>6,326,125</u>
Subtotal	18,235,000	9,125,975	27,360,975
Plus: unamortized premium	<u>741,710</u>	-	<u>741,710</u>
Totals	<u>\$ 18,976,710</u>	<u>\$ 9,125,975</u>	<u>\$ 28,102,685</u>

**CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 – LONG-TERM DEBT (Continued)

B. Leases Payable

Energy Equipment Financing Lease

On April 27, 2022, the City entered into an equipment lease purchase agreement with Bank of America Public Capital Corp (“Bank of America”) for an amount not to exceed \$10,869,000. The proceeds from this obligation are used to help finance the cost of installing solar panels and related energy efficiency upgrades throughout various City owned properties. The financing lease has a fixed interest rate of 2.81% and payments are due every February 1 and October 1, commencing October 1, 2022 and maturing on April 1, 2042. The City has certain reporting covenants required by the financing lease including timely rental payments, providing the annual audited financial statements, annual budget approved by City Council, and annual certification of compliance. The agreement does have a provision whereby the City is permitted to prepay all or a portion of the outstanding principal, in addition to provisions that, in the event of default, the lessor, by written notice to the City, may declare all rental payments immediately due and payable. The Energy Equipment Financing Lease is not considered a lease in accordance with the *Government Accounting Standards Board Statement 87, Leases*.

The annual debt service requirements for the City’s financing lease are as follows:

<u>Fiscal Years Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 195,000	\$ 283,361	\$ 478,361
2024	167,912	299,939	467,851
2025	200,868	295,221	496,089
2026	236,057	289,577	525,634
2027	254,847	282,943	537,790
2028-2032	1,920,908	1,283,981	3,204,889
2033-2037	3,279,582	942,390	4,221,972
2038-2042	<u>4,613,826</u>	<u>410,605</u>	<u>5,024,431</u>
Totals	<u>\$ 10,869,000</u>	<u>\$ 4,088,017</u>	<u>\$ 14,957,017</u>

2022 Taxable Pension Liability Refunding Lease

In 2022, the City of Corcoran (lessee) entered into a lease agreement dated January 1, 2022 with the Corcoran Joint Powers Finance Authority (lessor) to provide \$6,179,000 of financing to the City to refund a portion of the City’s pension obligations to the California Public Employees’ Retirement System (CalPERS). The agreement is secured by the Authority’s claim to the property leased to the Authority by the City, which consists of multiple parcels of real property within the City of Corcoran. Lease payments have been assigned to First Foundation Public Finance (the Bank) in consideration for the Bank’s provisions of funds to refund the City’s obligation to CalPERS. The principal is payable annually on April 1 in amounts ranging from \$23,000 to \$469,000, with interest due semi-annually at 2.99%, maturing on April 1, 2042. There is a provision whereby if the City is unable to make payment or does not comply with other lease covenants, the Authority may terminate the lease and take possession of the property as identified above. There is no right to accelerate payments or to otherwise declare any lease payments not in default to be immediately due and payable. The 2022 Taxable Pension Liability Refunding Lease is not considered a lease in accordance with the *Government Accounting Standards Board Statement 87, Leases*.

**CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 – LONG-TERM DEBT (Continued)

B. Leases Payable (Continued)

Annual debt service requirements to maturity of the 2022 Taxable Pension Liability Refunding Lease are as follows:

Fiscal Years Ending	Principal	Interest	Total
2023	\$ 23,000	\$ 218,110	\$ 241,110
2024	56,000	184,064	240,064
2025	106,000	182,390	288,390
2026	152,000	179,221	331,221
2027	198,000	174,676	372,676
2028-2032	1,630,000	750,341	2,380,341
2033-2037	1,832,000	492,543	2,324,543
2038-2042	<u>2,182,000</u>	<u>201,377</u>	<u>2,383,377</u>
Totals	<u>\$ 6,179,000</u>	<u>\$ 2,382,722</u>	<u>\$ 8,561,722</u>

NOTE 10 – DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items to report in this category: \$3,617,199 related to a deferred refunding of long term debt, and \$8,145,503 related to deferred outflows of resources related to pensions (see Note 11 for detailed information).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types: deferred inflows of resources related to pensions, future lease payments, and unavailable revenues.

- The City has \$4,272,804 in pension related items that qualify to be reported in deferred inflows of resources. The pension related deferred inflows of resources are described in detail in Note 11.
- Unavailable revenues arise only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet.

Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	Special Revenue Funds				Total Governmental Funds
	General Fund	Community Development Block Grant	HOME Program	Nonmajor Special Revenue Funds	
Loans	\$ -	\$ 3,075,102	\$ 7,290,184	\$ 163,013	\$ 10,528,299
Intergovernmental	33,673	-	-	-	33,673
Lease related	<u>2,292,048</u>	-	-	-	<u>2,292,048</u>
Total	<u>\$ 2,325,721</u>	<u>\$ 3,075,102</u>	<u>\$ 7,290,184</u>	<u>\$ 163,013</u>	<u>\$ 12,854,020</u>

**CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plans

Plan Description

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

Benefits Provided

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

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

	<u>Miscellaneous 1st Tier</u>	<u>Miscellaneous PEPRA</u>
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of annual salary	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.000%	6.750%
Required employer contribution rates	10.880%	7.590%
	<u>Safety 1st Tier</u>	<u>Safety PEPRA</u>
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of annual salary	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.000%	13.000%
Required employer contribution rates	21.790%	13.130%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund, if applicable. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$6,859,299 for the fiscal year ended June 30, 2022.

**CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

A. General Information about the Pension Plans (Continued)

Contributions

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

The City's contributions to the plan recognized as a part of pension expense for the year ended June 30, 2022 were \$1,253,057.

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

As of June 30, 2022, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$5,428,471.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

Proportion - June 30, 2020	0.0858%
Proportion - June 30, 2021	0.1004%
Change - Increase (Decrease)	0.0146%

For the year ended June 30, 2022, the City recognized pension expense of \$1,502,131. At June 30, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 7,265,159	\$ -
Differences between actual and expected experience	753,850	-
Net differences between projected and actual earnings on plan investments	-	4,052,285
Change in employer's proportion	126,494	-
Differences between the employer's actual contributions and the employer's proportionate share of contributions	-	220,519
Total	<u>\$ 8,145,503</u>	<u>\$ 4,272,804</u>

**CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

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

\$7,265,159 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30		
2023	\$	(654,081)
2024		(732,586)
2025		(887,660)
2026		(1,118,133)
2027		-
Thereafter		-

C. Actuarial Assumptions

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

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

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

⁽²⁾ The mortality table was developed based on CalPERS specific data.
The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2020 valuation were based on the results of December 2018 actuarial experience study for the period 1997 to 2015. Further details of the Experiences Study can be found on the CalPERS website.

D. Discount Rate

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

**CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

D. Discount Rate (Continued)

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

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

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

Asset Class ^(a)	New Strategic Allocation	Real Return Years 1-10 ^(b)	Real Return Years 11+ ^(c)
Public Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100%		

^(a) In the CalPERS 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.

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

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

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

Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
\$ 10,340,687	\$ 5,428,471	\$ 1,378,490

E. Pension Plan Fiduciary Net Position

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

F. Payable to the Pension Plan

The City did not have an outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omission; injuries to employees and others; natural disaster. The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

Each member city self-insures a portion of each of its claims, which for Corcoran is the first \$25,000 of each claim (occurrence) in the liability program and \$25,000 in the workers' compensation program. If a claim exceeds a member's retained limit, the amount exceeding the retained limit is distributed to the pool layers above the City's retained limit, and that cost is shared amongst the members with the various pool layers.

For the Liability Program, the CSJVRMA's risk sharing pool covers the first \$1,000,000 of each claim. The CSJVRMA participates in an excess pool, the California Affiliated Risk Management Authorities (CARMA) that provides excess liability coverage in excess of \$1,000,000. CARMA's risk sharing pool covers the first \$9,000,000 of each claim and CARMA purchases a combination of reinsurance and excess insurance through Allied World National Assurance Company for a total of \$29,500,000 in coverage.

For the Workers' Compensation Program, the CSJVRMA's risk sharing pool covers the first \$500,000 of each claim. The CSJVRMA purchases excess workers' compensation coverage through the Local Agency Workers' Compensation Excess JPA (LAWCX) for the amount in excess of \$500,000. LAWCX's risk sharing pool covers the first \$4.5 million of each claim, and LAWCX purchases a combination of reinsurance and excess insurance through PRISM (previously CSAC-EIA) with statutory limits.

The Central San Joaquin Valley Risk Management Authority is a consortium of fifty-four (54) cities in the San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et. Seq. The Central San Joaquin Valley Risk Management Authority is governed by a Board of Directors, which meets three times per year, and consists of one member appointed by each member city. A management group employed by CSJVRMA handles the day-to-day business.

The summary financial position and results of operations for CSJVRMA, as of June 30, 2022, is presented as follows:

Total assets	\$ 150,837,823
Total liabilities	<u>118,663,929</u>
Member's equity	<u>\$ 32,173,894</u>
Total revenues	\$ 66,885,024
Total expenses	<u>55,557,907</u>
Excess of expenses (loss) over income	<u>\$ 11,327,117</u>

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

CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. General Liability

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

B. Federal Awards and Grants

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any moneys received may be required and collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to the compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

C. Potential Flooding

The March 2023 atmospheric rivers/flash flooding brought considerable flooding to the surrounding agricultural areas adjacent to the City of Corcoran. The City was spared flood damage due to the protective flood barrier of the Corcoran Levee that is maintained by the Cross Creek Flood Control District (the District). Additional flooding outside of the levee is anticipated to occur over the next few months as a significantly large snowpack in the Sierra Nevada Mountains melts and makes its way to the Tulare lakebed flood zone and adds more water behind the levee. The District that maintains this levee is a separate governmental special district entity that is responsible for the maintenance and operation of the levee, and assessment of properties located within the District. The City is the primary stakeholder of interest due to the residences, businesses, critical infrastructure, and State facilities that are protected by the levee. However, the City is not directly financially responsible for the levee maintenance and operation. Due to the recent flooding, the City has been assisting the District by providing administrative and technical support to provide the District with added resources during this flooding incident. To date, the City has provided existing staff support for emergency management as is typical of any city partnering with other agencies during a time of disaster. The City has not provided any financial contribution to the levee work, nor is any anticipated.

NOTE 14 – RESTATEMENT OF BEGINNING FUND BALANCE

A. Implementation of GASB 87

The beginning net position for Governmental Activities has been restated as a result of the implementation of the Governmental Accounting Standards Board, Statement No. 87, *Leases*. The beginning fund balance of the general fund financial statements was also restated to conform to this presentation.

B. Prior Period Adjustment

During the current fiscal year management became aware that accounts receivable had been overstated in one of the governmental funds. Management recorded a prior period adjustment to correct this error.

**CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14 – RESTATEMENT OF BEGINNING FUND BALANCE (Continued)

B. Prior Period Adjustment (Continued)

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

	<u>Government-Wide</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
	<u>Governmental Activities</u>	<u>General</u>	<u>Nonmajor Governmental Funds</u>
Fund balance/net position, June 30, 2021, as previously reported	\$ 42,742,527	\$ 10,547,902	\$ 324,298
Prior period adjustments:			
Understatement of accounts receivable	-	4,793	(4,793)
Total prior period adjustments	-	4,793	(4,793)
Change in accounting principle:			
Implementation of GASB 87 (Leases)	375,398	375,398	-
Total change in accounting principle	375,398	375,398	-
Fund balance/net position, July 1, 2021, as restated	\$ 43,117,925	\$ 10,928,093	\$ 319,505

NOTE 15 – SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND

On January 30, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with Assembly Bill 1X26 (the “Bill”) which dissolved all redevelopment agencies in the State of California.

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

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

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

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

A. Cash and Investments

A reconciliation of the Successor Agency Trust Fund’s cash and investment balances as of June 30, 2022 is as follows:

Cash and investments	\$ 265,929
Cash with fiscal agent	<u>8</u>
Total cash	<u>\$ 265,937</u>

**CITY OF CORCORAN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15 – SUCCESSOR AGENCY PRIVATE PURPOSE TRUST FUND (Continued)

B. Long-Term Debt

The following is a summary of long-term obligation transactions for the Successor Agency Trust Fund at June 30, 2022:

	Balance June 30, 2021	Incurred or Issued	Satisfied or Matured	Balance June 30, 2022	Amounts Due Within One Year	Amounts Due in More Than One Year
<i>Direct Placement</i>						
2016 Tax Allocation Refunding Bond	\$ 1,354,000	\$ -	\$ (308,000)	\$ 1,046,000	\$ 317,000	\$ 729,000
Total	<u>\$ 1,354,000</u>	<u>\$ -</u>	<u>\$ (308,000)</u>	<u>\$ 1,046,000</u>	<u>\$ 317,000</u>	<u>\$ 729,000</u>

2016 Tax Allocation Refunding Bonds

The 2016 Tax Allocation Refunding Bonds were issued on June 30, 2016, by the Successor Agency to the Corcoran Redevelopment Agency to refund the 2004 Tax Allocation Refunding Bonds issued by the Agency. Bonds authorized and issued have an interest rate of 2.44% and mature August 1, 2031. The 2016 Tax Allocation Refunding bonds include a provision whereby if the City defaults on punctual payment of the principal or interest when payable, the Trustee will declare all or any part of the bonds immediately due and payable.

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

Fiscal Years Ending	Principal	Interest	Total
2023	\$ 317,000	\$ 12,304	\$ 329,304
2024	84,000	9,705	93,705
2025	88,000	8,465	96,465
2026	86,000	7,229	93,229
2027	89,000	5,986	94,986
2028-2032	<u>382,000</u>	<u>9,986</u>	<u>391,986</u>
Totals	<u>\$ 1,046,000</u>	<u>\$ 53,675</u>	<u>\$ 1,099,675</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CORCORAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 363,350	\$ 363,350	\$ 452,313	\$ 88,963
Other taxes	3,610,542	3,610,542	4,238,469	627,927
Licenses and permits	160,250	160,250	255,100	94,850
Intergovernmental	5,781,824	5,781,824	8,525,602	2,743,778
Charges for services	249,510	249,510	306,050	56,540
Fines and penalties	27,500	27,500	34,901	7,401
Use of money and property	492,688	492,688	405,776	(86,912)
Gain on acquisition of property	-	-	93,616	93,616
Grant drawdowns	-	-	252,243	252,243
Miscellaneous	<u>52,925</u>	<u>52,925</u>	<u>106,492</u>	<u>53,567</u>
Total revenues	<u>10,738,589</u>	<u>10,738,589</u>	<u>14,670,562</u>	<u>3,931,973</u>
EXPENDITURES				
Current:				
General government	1,090,066	1,131,209	1,585,233	(454,024)
Community development	20,000	185,000	36,760	148,240
Public safety	5,692,186	5,760,404	8,549,856	(2,789,452)
Public works	392,728	487,728	807,091	(319,363)
Parks and recreation	1,291,619	1,676,054	1,318,785	357,269
Capital outlay:				
General government	400	400	-	400
Public safety	<u>-</u>	<u>-</u>	<u>74,878</u>	<u>(74,878)</u>
Total expenditures	<u>8,486,999</u>	<u>9,240,795</u>	<u>12,372,603</u>	<u>(3,131,808)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,251,590</u>	<u>1,497,794</u>	<u>2,297,959</u>	<u>800,165</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,432,426	1,432,426	411,361	(1,021,065)
Operating transfers out	<u>(2,483,520)</u>	<u>(2,483,520)</u>	<u>(740,411)</u>	<u>1,743,109</u>
Total other financing sources (uses)	<u>(1,051,094)</u>	<u>(1,051,094)</u>	<u>(329,050)</u>	<u>722,044</u>
Net change in fund balances	<u>\$ 1,200,496</u>	<u>\$ 446,700</u>	1,968,909	<u>\$ 1,522,209</u>
Fund balances - beginning, restated			<u>10,928,093</u>	
Fund balances - ending			<u>\$ 12,897,002</u>	

CITY OF CORCORAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,131,000	\$ 2,131,000	\$ 1,549,064	\$ (581,936)
Use of money and property	4,400	4,400	3,468	(932)
Loan repayments	75,080	75,080	129,027	53,947
Miscellaneous	<u>11,592</u>	<u>11,592</u>	<u>8,998</u>	<u>(2,594)</u>
Total revenues	<u>2,222,072</u>	<u>2,222,072</u>	<u>1,690,557</u>	<u>(531,515)</u>
EXPENDITURES				
Current:				
Community development	<u>2,751,443</u>	<u>3,235,818</u>	<u>1,991,931</u>	<u>1,243,887</u>
Total expenditures	<u>2,751,443</u>	<u>3,235,818</u>	<u>1,991,931</u>	<u>1,243,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(529,371)</u>	<u>(1,013,746)</u>	<u>(301,374)</u>	<u>712,372</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	4,784	4,784	1,359	(3,425)
Operating transfers out	<u>(70,000)</u>	<u>(70,000)</u>	<u>(10,828)</u>	<u>59,172</u>
Total other financing sources (uses)	<u>(65,216)</u>	<u>(65,216)</u>	<u>(9,469)</u>	<u>55,747</u>
Net change in fund balances	<u>\$ (594,587)</u>	<u>\$ (1,078,962)</u>	(310,843)	<u>\$ 768,119</u>
Fund balances - beginning			<u>1,310,996</u>	
Fund balances - ending			<u>\$ 1,000,153</u>	

CITY OF CORCORAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
HOME PROGRAM SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Use of money and property	\$ 700	\$ 700	\$ 5,452	\$ 4,752
Grant drawdowns	50,000	50,000	-	(50,000)
Loan repayments	<u>124,721</u>	<u>124,721</u>	<u>362,401</u>	<u>237,680</u>
Total revenues	<u>175,421</u>	<u>175,421</u>	<u>367,853</u>	<u>192,432</u>
EXPENDITURES				
Current:				
Community development	<u>313,726</u>	<u>321,476</u>	<u>164,934</u>	<u>156,542</u>
Total expenditures	<u>313,726</u>	<u>321,476</u>	<u>164,934</u>	<u>156,542</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(138,305)</u>	<u>(146,055)</u>	<u>202,919</u>	<u>348,974</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	874	874	817	(57)
Operating transfers out	<u>-</u>	<u>-</u>	<u>(523)</u>	<u>(523)</u>
Total other financing sources (uses)	<u>874</u>	<u>874</u>	<u>294</u>	<u>(580)</u>
Net change in fund balances	<u>\$ (137,431)</u>	<u>\$ (145,181)</u>	203,213	<u>\$ 348,394</u>
Fund balances - beginning			<u>1,407,409</u>	
Fund balances - ending			<u>\$ 1,610,622</u>	

CITY OF CORCORAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
TRANSPORTATION AND STREETS SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,270,340	\$ 2,270,340	\$ 1,532,535	\$ (737,805)
Use of money and property	<u>8,900</u>	<u>-</u>	<u>9,437</u>	<u>9,437</u>
Total revenues	<u>2,279,240</u>	<u>2,270,340</u>	<u>1,541,972</u>	<u>(728,368)</u>
EXPENDITURES				
Current:				
Public works	<u>2,859,995</u>	<u>4,169,495</u>	<u>2,295,649</u>	<u>1,873,846</u>
Total expenditures	<u>2,859,995</u>	<u>4,169,495</u>	<u>2,295,649</u>	<u>1,873,846</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(580,755)</u>	<u>(1,899,155)</u>	<u>(753,677)</u>	<u>1,145,478</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	874	874	15,993	15,119
Operating transfers out	<u>-</u>	<u>-</u>	<u>(2,500)</u>	<u>(2,500)</u>
Total other financing sources (uses)	<u>874</u>	<u>874</u>	<u>13,493</u>	<u>12,619</u>
Net change in fund balances	<u>\$ (579,881)</u>	<u>\$ (1,898,281)</u>	(740,184)	<u>\$ 1,158,097</u>
Fund balances - beginning, restated			<u>3,322,102</u>	
Fund balances - ending			<u>\$ 2,581,918</u>	

CITY OF CORCORAN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – BUDGETARY INFORMATION

The City follows the following procedures, annually, in establishing the budgetary data reflected in the budgetary comparison schedules:

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. The City Council reviews the proposed budget at specially scheduled sessions, which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to July 1, the budget is legally adopted through passage of an ordinance. This budget is reported as Original Budget in the budgetary comparison schedules.
4. During the fiscal year, changes to the adopted budget may be authorized, as follows:
 - a. Items requiring City Council action – appropriation of fund balance reserves; transfers of appropriations between funds; appropriation of any non-departmental revenue; new interfund loans or advances; and creation of new capital projects or increases to existing capital projects.
 - b. Items delegated to the City Manager – transfers between departments within funds; appropriation of unbudgeted departmental revenues; and approval of transfers which increase salary and benefit appropriations.
 - c. Items delegated to the department head – allocation of departmental appropriations to line item level.
5. Formal budgetary integration is employed as a management tool for all funds. Annual budgets are legally adopted and amended as required for the general, special revenue, and enterprise funds. Project length budgets are adopted for the capital projects funds. All budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP), and budgetary comparisons for the general and major special revenue funds are presented on that basis in the Required Supplementary Information. A debt service payment schedule for the debt service funds is also approved as part of the budget process.
6. Budget amounts are reflected after all authorized amendments and revisions. This budget is reported as the Final Budget in the budgetary comparison schedules.
7. For each legally adopted operating budget, expenditures may not exceed budgeted appropriations at the activity level. The legal appropriation basis is at the level called “department”. A “department” for legal appropriation purposes may be a single organization or an entire department having multiple organizations within the same fund, or an entire fund.

**CITY OF CORCORAN
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Excess of Expenditures Over Appropriations

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2022:

General Fund

Current expenditures:

General government	\$	454,024
Public safety		2,789,452
Public works		319,363

Capital outlay:

Public safety		74,878
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**CITY OF CORCORAN
REQUIRED SUPPLEMENTARY INFORMATION
COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 YEARS*
AS OF JUNE 30, 2022**

	2015	2016	2017	2018	2019	2020	2021	2022
Proportion of the net pension liability	0.0890%	0.0810%	0.0824%	0.0823%	0.0831%	0.0843%	0.0858%	0.1004%
Proportionate share of the net pension liability	\$ 5,588,247	\$ 5,560,451	\$ 7,128,067	\$ 8,158,790	\$ 8,005,171	\$ 8,634,610	\$ 9,330,156	\$ 5,428,471
Covered payroll	\$ 3,670,305	\$ 3,415,899	\$ 3,372,419	\$ 3,515,008	\$ 3,460,016	\$ 3,673,726	\$ 3,874,044	\$ 4,147,983
Proportionate share of the net pension liability as percentage of covered payroll	152.26%	162.78%	211.36%	232.11%	231.36%	235.04%	240.84%	130.87%
Plan fiduciary net position as a percentage of the total pension liability	77.90%	79.05%	75.11%	74.05%	75.76%	75.08%	73.92%	85.29%

NOTES TO THE SCHEDULE

Changes in Benefit Terms - None

Changes of Assumptions - None

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

**CITY OF CORCORAN
REQUIRED SUPPLEMENTARY INFORMATION
COST-SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
LAST 10 YEARS*
AS OF JUNE 30, 2022**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially required contribution (actuarially determined)	\$ 687,235	\$ 670,378	\$ 699,724	\$ 776,784	\$ 830,062	\$ 954,101	\$ 1,110,159	\$ 1,253,057	\$ 1,231,508
Contributions in relation to the actuarially determined contributions	<u>687,235</u>	<u>670,378</u>	<u>699,724</u>	<u>776,784</u>	<u>830,062</u>	<u>954,101</u>	<u>1,110,159</u>	<u>1,253,057</u>	<u>7,265,159</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,033,651)</u>
Covered payroll	\$ 3,670,305	\$ 3,415,899	\$ 3,372,419	\$ 3,515,008	\$ 3,460,016	\$ 3,673,726	\$ 3,874,044	\$ 4,147,983	\$ 3,085,425
Contributions as a percentage of covered payroll	18.72%	19.63%	20.75%	22.10%	23.99%	25.97%	28.66%	30.21%	235.47%

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

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OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

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

The **Housing Authority Fund** is used to account for future financing for low-income households for the acquisition, rehabilitation, or new construction of single-family homes.

The **Public Safety Fund** is used to account for grant funds received for supplemental public safety expenditures, adjudicated cash and other assets seized from drug arrests that are available for police department enhancements and revenues and expenditures related to a rail spur study.

The **Assessment Districts Fund** are used to account for two landscape and lighting districts that were established for subdivisions to provide for the maintenance to turf areas, shrubs, trees, and irrigations systems and walls.

The **Restricted Property Acquisitions Fund** is used to account for revenue and expenses associated with properties acquired by the City which were in default of Federal CDBG housing grant loans.

The **Police Department Construction Fund** is used to account for the resources provided by the State of California for the construction of a new police department.

The **National Opioid Settlement Fund** is used to account for nationwide opioid settlement revenues distributed to the City as part of the California State-Subdivision Agreement participation. Three separate settlements (Distributors, Janssen, and Teva-Allergan-CVS-Walgreens-Walmart) provide direct payment of settlement funds to the City. Settlement agreements require funds to be used in mitigating and addressing opioid-related impacts within the community, and include services and responses related to homeless populations within Corcoran.

**CITY OF CORCORAN
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022**

	Housing Authority	Public Safety	Assessment Districts	Restricted Property Acquisitions	Police Department Construction	National Opioid Settlement	Totals
ASSETS							
Cash and investments:							
Unrestricted	\$ 44,635	\$ 161,133	\$ 243,821	\$ -	\$ -	\$ -	\$ 449,589
Restricted with fiscal agents	1,101	-	-	-	-	-	1,101
Receivables, net of allowance	<u>155,939</u>	<u>20,282</u>	<u>850</u>	<u>-</u>	<u>-</u>	<u>7,154</u>	<u>184,225</u>
Total assets	<u>\$ 201,675</u>	<u>\$ 181,415</u>	<u>\$ 244,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,154</u>	<u>\$ 634,915</u>
LIABILITIES							
Accounts payable	\$ 398	\$ 23,972	\$ 3,493	\$ -	\$ -	\$ -	\$ 27,863
Wages and benefits payable	602	-	365	-	-	-	967
Due to other funds	-	-	-	9,406	54,952	-	64,358
Deposits	700	-	-	-	-	-	700
Advances from other funds	<u>22,244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,244</u>
Total liabilities	<u>23,944</u>	<u>23,972</u>	<u>3,858</u>	<u>9,406</u>	<u>54,952</u>	<u>-</u>	<u>116,132</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	<u>155,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,154</u>	<u>163,013</u>
Total deferred inflows of resources	<u>155,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,154</u>	<u>163,013</u>
FUND BALANCES							
Restricted for:							
Pension contributions	1,101	-	-	-	-	-	1,101
Community development	20,771	-	-	-	-	-	20,771
Public safety	-	157,443	-	-	-	-	157,443
Public works	-	-	240,813	-	-	-	240,813
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,406)</u>	<u>(54,952)</u>	<u>-</u>	<u>(64,358)</u>
Total fund balances	<u>21,872</u>	<u>157,443</u>	<u>240,813</u>	<u>(9,406)</u>	<u>(54,952)</u>	<u>-</u>	<u>355,770</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 201,675</u>	<u>\$ 181,415</u>	<u>\$ 244,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,154</u>	<u>\$ 634,915</u>

**CITY OF CORCORAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Housing Authority	Public Safety	Assessment Districts	Restricted Property Acquisitions	Police Department Construction	National Opioid Settlement	Totals
REVENUES							
Property taxes	\$ -	\$ -	\$ 45,862	\$ -	\$ 15	\$ -	\$ 45,877
Intergovernmental	-	20,000	-	-	-	-	20,000
Use of money and property	15,300	444	709	-	-	-	16,453
Grant drawdowns	-	162,512	-	-	-	-	162,512
Loan repayments	5,330	-	-	-	-	-	5,330
Miscellaneous	2,980	-	-	-	-	-	2,980
Total revenues	23,610	182,956	46,571	-	15	-	253,152
EXPENDITURES							
Current:							
Community development	55,936	-	-	-	-	-	55,936
Public safety	-	145,803	-	-	-	-	145,803
Public works	-	-	26,662	-	-	-	26,662
Total expenditures	55,936	145,803	26,662	-	-	-	228,401
Excess (deficiency) of revenues over (under) expenditures	(32,326)	37,153	19,909	-	15	-	24,751
OTHER FINANCING SOURCES (USES)							
Operating transfers in	817	-	1,220	-	45,000	-	47,037
Operating transfers out	(523)	(35,000)	-	-	-	-	(35,523)
Total other financing sources (uses)	294	(35,000)	1,220	-	45,000	-	11,514
Net change in fund balances	(32,032)	2,153	21,129	-	45,015	-	36,265
Fund balances - beginning, restated	53,904	155,290	219,684	(9,406)	(99,967)	-	319,505
Fund balances - ending	\$ 21,872	\$ 157,443	\$ 240,813	\$ (9,406)	\$ (54,952)	\$ -	\$ 355,770

CUSTODIAL FUNDS

The City's custodial funds are used to account for resources held for the benefit of parties outside the government. The funds' activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The City uses custodial funds to account for assets held for, due to, and other.

Custodial funds are not reflected in the government-wide statements because the resources of those funds are not available to support the City's own programs. Custodial funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

The City reports the following custodial funds:

- The **Kings County CDBG Custodial Fund** accounts for Kings County Community Development Block Grants Program collections on notes receivable and remittance to Kings County.
- The **Police Activities League Custodial Fund** accounts for money collected from various sources for use of different police related events and activities.
- The **Corcoran Explorers Fund** accounts for money collected from various sources for use of sponsoring teams, individuals, and families.
- The **Health and Dependent Care Fund** accounts for contributions collected from employees for health and dependent Flex Plan accounts and expenses associated with employee fees and contributions with Navia Benefit Solutions.

**CITY OF CORCORAN
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2022**

	Kings County CDBG	Police Activities League	Corcoran Explorers	Health and Dependent Care	Total Custodial Funds
ASSETS					
Cash and investments:					
Unrestricted	\$ 29,612	\$ 633	\$ 8,410	\$ -	\$ 38,655
Receivables					
Other	-	-	771	11,014	11,785
Notes	519,464	-	-	-	519,464
Total assets	<u>549,076</u>	<u>633</u>	<u>9,181</u>	<u>11,014</u>	<u>569,904</u>
LIABILITIES					
Accounts payable	29,611	216	-	-	29,827
Due to other organizations	-	-	-	11,014	11,014
Total liabilities	<u>29,611</u>	<u>216</u>	<u>-</u>	<u>11,014</u>	<u>40,841</u>
NET POSITION					
Restricted for:					
Individuals, organizations, and other governments	519,465	417	9,181	-	529,063
Total net position	<u>\$ 519,465</u>	<u>\$ 417</u>	<u>\$ 9,181</u>	<u>\$ -</u>	<u>\$ 529,063</u>

**CITY OF CORCORAN
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Kings County CDBG	Police Activities League	Corcoran Explorers	Health and Dependent Care	Total Custodial Funds
ADDITIONS					
Contributions:					
Donations and fundraising	\$ -	\$ 2,680	\$ 1,161	\$ -	\$ 3,841
Employee contributions	-	-	-	28,596	28,596
Total additions	-	2,680	1,161	28,596	32,437
DEDUCTIONS					
Payments of loan proceeds	29,611	-	-	-	29,611
Payments of benefits	-	-	-	28,596	28,596
Community outreach	-	6,670	117	-	6,787
Total deductions	29,611	6,670	117	28,596	64,994
Net increase (decrease) in fiduciary net position	(29,611)	(3,990)	1,044	-	(32,557)
Net position - beginning	549,076	4,407	8,137	-	561,620
Net position - ending	\$ 519,465	\$ 417	\$ 9,181	\$ -	\$ 529,063