

**City of Guadalupe**  
**Guadalupe, California**

Basic Financial Statements  
For the Year Ended June 30, 2021

**CITY OF GUADALUPE  
GUADALUPE, CALIFORNIA**

**BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED June 30, 2021**

**Prepared by:**

**FINANCE DEPARTMENT**

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

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

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council  
of the City of Guadalupe  
Guadalupe, California

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 Guadalupe, California (City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the City's proportionate share of the net pension liability, schedule of plan contributions, and schedule of changes in total other post-employment benefits on pages 5-18 and 85-89, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements on pages 92 to 95 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

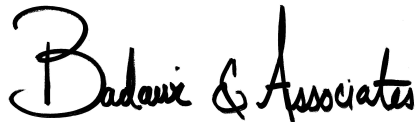
To the Honorable Mayor and Members of the City Council  
of the City of Guadalupe  
Guadalupe, California  
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**Emphasis of Matter Regarding Going Concern**

The accompanying financial statements have been prepared assuming that the City will continue as a going concern. As discussed in Note 15 to the financial statements, the City continues to have expenditures higher than revenues in the General Fund. In addition, the General Fund has a large interfund loans payable balance. There are doubts about the General Fund's ability to repay the interfund loans payable without having a significant impact on the City's operations. These conditions raise doubt about the City's ability to continue as a going concern. Management's plans regarding those matters are also described in Note 15. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Badawi & Associates, CPAs  
Berkeley, California  
March 31, 2022

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Fiscal Year Ended June 30, 2021**

### **INTRODUCTION**

This discussion and analysis of the City of Guadalupe financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2021. For the most complete picture of the City, please read this document in conjunction with the City's basic financial statements, and the accompanying notes to the basic financial statements. Comparisons between this year and the prior year are presented showing percentage changes.

### **FINANCIAL HIGHLIGHTS**

- Total assets of the City at the close of the most recent fiscal year ended at about \$32 million with an overall increase of about \$4.9 million from the prior year. Governmental activities ended at over \$17.6 million and experienced an increase in assets of about \$3.8 million. Business-type activities increased assets by about \$1.1 million, ending the year at over \$14.4 million in assets. Total primary government assets exceeded liabilities by over \$25 million.
- Total liabilities of the City on June 30, 2021 were at about \$8 million. Liabilities increased for governmental activities by about \$975,000 and increased for business-type activities by about \$15,000. The City experienced an overall increase in liabilities of almost \$991,000.
- As of the close of the current fiscal year, the City's total net position increased by about \$4 million. Net position for Governmental activities increased by about \$2.9 million and business-type activities increased by about \$1.1 million. The City experienced an increase of about 19 percent in total net position from the prior year.
- Governmental funds reported combined ending fund balances of about \$4.1 million. The General Fund ended the current fiscal year with a positive fund balance of approximately \$370,000. This represents a decrease of fund balance of about \$115,000 from prior year, when it closed at about \$485,000.
- In FY 2020-21, 36 more homes were permitted for the Pasadera development within the City. The "Pasadera Development" will include approximately 800 homes and approximately 250,000 square feet of commercial space. Project build out is estimated to occur within 10 to 15 years.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The City's Annual Financial Report consists of four main components: (1) management's discussion and analysis, (2) the basic financial statements, (3) required supplementary information, and (4) combining fund financial statements. The basic financial statements include two kinds of statements that present different views of the City, the government-wide and the fund financial statements.

- The government-wide financial statements provide both long-term and short-term information about the City's overall financial status.
- The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

The basic financial statements also include notes that provide additional information essential to understanding the data contained in the government-wide and fund financial statements.

### Government-Wide Financial Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the City's assets and liabilities, as well as any deferred outflows or inflows of resources. The statement of activities includes all current year revenues and expenses regardless of when cash is received or paid. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the City is improving or declining.

The government-wide financial statements of the City are divided as follows:

- *Governmental activities* – Most of the City's basic services are included here, such as police, fire public works, community development, parks and recreation and general government.
- *Business-type activities* – Certain services provided by the City are funded by customer fees. Among these are water and sewer services, solid waste and transit services.

### Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the City's largest funds, not the City as a whole. The City has 24 funds that are considered governmental, four funds that are considered proprietary, and one fund that is considered fiduciary.

## OVERVIEW OF THE FINANCIAL STATEMENTS - continued

The City has three types of fund financial statements:

*Governmental funds* - Governmental funds tell how general government services such as police, fire and public works were financed in the short-term as well as what remains for future spending. Most of the City's basic services are included in governmental funds, which focus on (1) short-term inflows and outflows of spendable resources, and (2) the remaining year-end balances available for spending. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations that explain the relationship (or differences) between governmental funds and governmental activities follow the governmental funds statements.

Additional information regarding the City's ability to continue as a going concern is available in Note 15 of the Financial Statements.

*Proprietary Funds* – Services for which customer fees are intended to finance the costs of operations are generally reported in proprietary funds. Proprietary fund statements, like the government wide statements, provide short-term and long term financial information about the activities of the City that operate as businesses, such as water and sewer services.

*Fiduciary Funds* – Fiduciary Fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources belong. The City elected to serve as the successor agency for its former redevelopment agency which was dissolved by state law. The successor agency activity is accounted for in a private purpose trust fund.

The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these resources to finance operations.

### Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS**

This section provides analysis of the government-wide financial statements including long-term and short-term information about the City's overall financial condition. The following tables address the financial results of the City as a whole.

	Governmental Activities		Business-Type Activities		Total Primary Government		Total Percent Change
	2021	2020	2021	2020	2021	2020	
<b>Assets</b>							
Current Assets	\$ 6,418,998	\$ 5,319,814	\$ 6,730,972	\$ 5,459,175	\$ 13,149,970	\$ 10,778,989	22.0%
Noncurrent Assets	11,238,665	8,570,892	7,694,965	7,817,777	18,933,630	16,388,669	15.5%
Total Assets	17,657,663	13,890,706	14,425,937	13,276,952	32,083,600	27,167,658	18.1%
<b>Deferred Outflows of Resources</b>							
Deferred amounts	1,142,084	1,016,302	146,376	134,020	1,288,460	1,150,322	
<b>Liabilities</b>							
Current Liabilities	1,264,496	704,834	416,854	328,192	\$ 1,681,350	\$ 1,033,026	62.8%
Noncurrent Liabilities	4,153,934	3,737,647	2,197,356	2,271,089	6,351,290	6,008,736	5.7%
Total Liabilities	5,418,430	4,442,481	2,614,210	2,599,281	8,032,640	7,041,762	14.1%
<b>Deferred Inflows of Resources</b>							
Deferred pensions	272,678	248,912	27,114	37,532	299,792	286,444	
<b>Net Position</b>							
Net investment in capital assets	11,234,961	8,530,354	5,917,746	5,939,410	\$ 17,152,707	\$ 14,469,764	18.5%
Restricted	4,540,531	3,205,072	147,033	147,033	4,687,564	3,352,105	39.8%
Unrestricted	(2,666,853)	(1,519,811)	5,866,210	4,687,716	3,199,357	3,167,905	1.0%
	\$ 13,108,639	\$ 10,215,615	\$ 11,930,989	\$ 10,774,159	\$ 25,039,628	\$ 20,989,774	19.3%

**Analysis of net position**

Total net position of the primary government increased approximately \$4 million at the close of the fiscal year ending June 30, 2021. Total assets increased about \$4.9 million, deferred outflows increased \$138,000, total liabilities increased \$990,000 and deferred inflows increased \$13,000. The following analysis of governmental and business-type activities provides more detailed information explaining these changes.

**Governmental activities:**

Total assets increased \$3.8 million largely due to an increase in noncurrent assets, specifically related to non-depreciable assets, which include construction in progress of Leroy Park.

**FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS - continued**

**Governmental Activities - continued**

Deferred outflows of resources increased about \$125,000. Deferred Pension Plan information is located in Note 9 to the financials.

Total liabilities increased about \$975,000 mainly due to an increase in accounts payable and unearned revenue.

Deferred inflows increased \$23,000. Detailed Pension Plan information is located in Note 9 to the financials.

**Business-type activities:**

Total assets increased about \$1.1 million due to an increase in cash and investments and other current assets.

Deferred Pension outflows increased about \$12,000. Detailed Pension Plan information is located in Note 9 to the financials.

Total liabilities increased about \$15,000 due primarily to a slight increase in current liabilities over noncurrent liabilities.

Deferred Pension inflows decreased about \$10,000. Detailed Pension Plan information is located in Note 9 to the financials.

**FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS - continued**

The City's net position increased by about \$4 million during the current fiscal year. Information about changes in net position is summarized.

<b>City of Guadalupe</b>							
<b>Changes in Net Position</b>							
For the Fiscal Years Ended June 30, 2021 and 2020							
	<b>Governmental</b>		<b>Business-type</b>		<b>Total Primary</b>		<b>Total</b>
	<b>Activities</b>		<b>Activities</b>		<b>Government</b>		
	2021	2020	2021	2020	2021	2020	<b>Percent</b>
							<b>Change</b>
<b>Revenues</b>							
Program revenues:							
Charges for services	\$ 906,437	\$ 1,184,101	\$ 5,131,604	\$ 4,574,859	\$ 6,038,041	\$ 5,758,960	4.8%
Operating grants and contributions	1,430,750	2,201,545	529,567	492,684	1,960,317	2,694,229	-27.2%
Capital grants and contributions	3,222,700	-	-	388,901	3,222,700	388,901	0.0%
General revenue:							
Sales tax	811,141	603,956			811,141	603,956	34.3%
Property tax	1,740,033	1,547,855			1,740,033	1,547,855	12.4%
Utility users tax	480,619	442,934			480,619	442,934	8.5%
Other taxes	544,711	538,839			544,711	538,839	1.1%
Interest income	141,072	187,883	29,293	69,469	170,365	257,352	-33.8%
Other revenues	183,118	284,317			183,118	284,317	-35.6%
Total revenues	<u>9,460,581</u>	<u>6,991,430</u>	<u>5,690,464</u>	<u>5,525,913</u>	<u>15,151,045</u>	<u>12,517,343</u>	21.0%
<b>Program Expenses</b>							
Public safety	3,807,341	3,195,866			3,807,341	3,195,866	19.1%
Transportation	295,460	396,961			295,460	396,961	-25.6%
Leisure, culture and social services	455,268	395,236			455,268	395,236	15.2%
Community development	1,067,882	852,983			1,067,882	852,983	25.2%
General government	1,476,764	1,480,926			1,476,764	1,480,926	-0.3%
Business-type activities	-	-	3,988,734	4,081,144	3,988,734	4,081,144	-2.3%
Interest on long-term debt	9,742	20,868			9,742	20,868	-53.3%
Total expenses	<u>7,112,457</u>	<u>6,342,840</u>	<u>3,988,734</u>	<u>4,081,144</u>	<u>11,101,191</u>	<u>10,423,984</u>	6.5%
Transfers	544,900	509,100	(544,900)	(509,100)	-	-	-
Change in net position	2,893,024	1,157,690	1,156,830	935,669	4,049,854	2,093,359	93.5%
Net position - beginning of year	<u>10,215,615</u>	<u>9,057,925</u>	<u>10,774,159</u>	<u>9,838,490</u>	<u>20,989,774</u>	<u>18,896,415</u>	11.1%
Net position - end of year	<u>\$ 13,108,639</u>	<u>\$ 10,215,615</u>	<u>\$ 11,930,989</u>	<u>\$ 10,774,159</u>	<u>\$ 25,039,628</u>	<u>\$ 20,989,774</u>	19.3%

**FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS - continued**

**Analysis of the changes in net position:**

Total government-wide revenues of the primary government increased \$2.6, about 21% from the prior year, and total expenses increased about \$677,000 or about 6.5% increase. These changes are discussed in more detail below.

**Governmental Activities:**

Total revenues for governmental activities increased about \$2.4 million from the prior year. Total expenditures increased about \$770,000.

**Revenue**

Capital grants and contributions increased about \$3.2 million primarily due to CDBG grant funding for Leroy Park. Sales tax increased about \$207,000. Property tax increased about \$192,000.

**Expenses**

Public safety expenses increased about \$611,000.

**Business-Type Activities:**

Total revenues for business-type activities increased about \$164,000 from the prior year. Total expenses decreased about \$92,000.

**Revenue**

Charges for services for Business-Type activities increased \$556,000 primarily due to an increased water and sewer usage from customers. Authorized rate increases and CPI rate adjustments occurred in January 2021.

**Expenses**

Business-type activity expenses decreased about \$92,000 mainly due to transit activity.

## FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of City Government, reporting City operations in more detail than the government-wide statements.

### Governmental Funds:

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Total fund balance for governmental funds decreased by \$453,000 during fiscal year 2021. Total revenues for governmental funds increased \$1.5 million, total expenditures for governmental funds increased about \$3.1 million. Reasons for these changes are discussed in more detail below.

#### General Fund

Total General Fund revenues increased \$164,000 in the current year. Taxes increased by about \$434,000, license and permits decreased about \$406,000, charges for current services increased about \$178,000.

Total General Fund expenditures increased about \$742,000 this year, of which \$624,000 is related to Public Safety.

#### Community Development Funds

Revenues for Community Development funds, related to CDBG, were up from prior year by about \$1.8 million related to receipt of grant funds. Transfers to the Capital Improvements Project fund increased by about \$2.5 million due to Leroy Park project.

#### Capital Improvement Program Fund

This is a fund for capital improvement projects, funded as capital expenditures are incurred.

#### Other Governmental Funds

Total other governmental funds revenues decreased \$471,000. This decrease is related to the local transportation funds, primarily due to the receipt of the ATP Cycle 3 grant in the prior fiscal year. Total other government fund expenditures increased about \$110,000, related to the Capital Facilities fund separately stated in the prior audited financial statements.



**FINANCIAL ANALYSIS OF THE FUND STATEMENTS - continued**

**Enterprise Funds:**

The City's four enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. Total operating revenues increased by more than \$556,000. Total operating expenses decreased by about \$118,000 over prior year. The discussion below provides a detailed explanation for each business-type fund.

**Water Fund**

Water fund operating revenues increased \$446,000 compared to the prior year primarily due to increased water usage from residential customers, specifically related to the new development. Authorized rate increases and CPI rate adjustments increased on January 2021. Expenses in the current year decreased by \$60,000, related to maintenance and operations. Contributed capital increased \$408,000.

**Wastewater Fund**

Wastewater fund operating revenues increased over \$187,000 compared to the prior year due to increased development from Pasadera. Operating expenses increased about \$45,000 primarily due to an increase in maintenance and operation expenses.

**Solid Waste Fund**

The service provider was required to pay a surcharge until the current deficit is relieved and this occurred in the current fiscal year.

**Transit Fund**

Transit fund net operating income increased about \$41,000 due to a decrease in maintenance and operation expenses.

**Fiduciary Funds:**

The City has one Fiduciary Fund which is used to account for resources held for the benefit of parties outside the government and is not reflected in the government wide financials because the resources of those funds are not available to support City programs. The accounting used for fiduciary funds is presented with the fund financials statements in the supplemental information section.

**GENERAL FUND BUDGETARY HIGHLIGHTS**



A detailed budgetary comparison schedule for the year ended June 30, 2021 is presented as required supplementary information following the notes to the financial statements.

The following summarizes the original and final general fund budget compared with actual results for 2020-21:

General Fund	Original Budget	Final Budget	Actual	Variance
Revenues	\$ 4,220,374	\$ 4,841,392	\$ 4,814,865	\$ (26,527)
Expenditures	(4,727,289)	(5,119,800)	(5,449,800)	(330,000)
Other Financing Sources	584,872	416,232	519,669	103,437
Change in fund balances	<u>77,957</u>	<u>137,824</u>	<u>(115,266)</u>	<u>(253,090)</u>
Fund balance - beginning of year	<u>485,622</u>	<u>485,622</u>	<u>485,622</u>	<u>-</u>
Fund balances (deficit) - end of year	<u>\$ 563,579</u>	<u>\$ 623,446</u>	<u>\$ 370,356</u>	<u>\$ (253,090)</u>

Actual ending fund balance ended the year was \$370,356. This was a decrease of about \$115,000 from the prior year when it closed at \$485,622. Key changes are summarized as follows:

- Revenues were about \$26,000 lower than estimated related to building permitting.
- Expenditures were about \$330,000 more than estimated primarily due to Public Safety.

**CAPITAL ASSETS**



**Capital Assets Summary.** The City of Guadalupe's investment in capital assets for its governmental and business type activities as of June 30, 2021, amounts to about \$18.9 million (net of accumulated depreciation). The investment in capital assets includes land, park improvements, buildings and building improvements, vehicles and equipment, streets, bikeways and water, wastewater and storm drain systems.

A summary of the City's capital assets on June 30, 2021 follows:

<u>Capital Assets, Net of Accumulated Depreciation</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 343,131	\$ 248,425	\$ 591,556
Infrastructure	3,943,313	3,291,387	7,234,700
Buildings and Improvements	3,318,180	2,610,731	5,928,911
Vehicles	122,752	621,719	744,471
Equipment	104,268	10,814	115,082
Construction in Progress	3,407,021	911,889	4,318,910
	<u>\$ 11,238,665</u>	<u>\$ 7,694,965</u>	<u>\$ 18,933,630</u>

Please see next page for detailed activity on capital assets.

**CAPITAL ASSETS - continued**

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

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2021</u>
<b>Governmental Activities:</b>				
Land	\$ 343,131	\$	\$	\$ 343,131
Construction in progress	362,305	3,044,716		3,407,021
Buildings and improvements	5,313,163	91,135	(15,650)	5,388,648
Accumulated depreciation	(1,930,676)	(148,139)	8,347	(2,070,468)
Vehicles	895,432	26,791	(15,300)	906,923
Accumulated depreciation	(743,243)	(56,228)	15,300	(784,171)
Equipment	631,674	51,316		682,990
Accumulated depreciation	(561,165)	(17,557)		(578,722)
Infrastructure	7,740,634	7,158		7,747,792
Accumulated depreciation	(3,480,363)	(324,116)		(3,804,479)
Total governmental capital assets, net	<u>\$ 8,570,892</u>	<u>\$ 2,675,076</u>	<u>\$ (7,303)</u>	<u>\$ 11,238,665</u>
<b>Business-Type Activities:</b>				
Land	\$ 248,425			\$ 248,425
Construction in progress	491,039	450,979	(30,129)	\$ 911,889
Buildings and improvements	10,158,853	133,398	30,129	\$ 10,322,380
Accumulated depreciation	(7,471,298)	(240,351)		(7,711,649)
Vehicles	1,829,057	-		1,829,057
Accumulated depreciation	(1,057,258)	(150,080)		(1,207,338)
Equipment	545,158	-		545,158
Accumulated depreciation	(530,823)	(3,521)		(534,344)
Infrastructure	7,240,758	48,801		7,289,559
Accumulated depreciation	(3,636,134)	(362,038)		(3,998,172)
Total business type capital assets, net	<u>\$ 7,817,777</u>	<u>\$ (122,812)</u>	<u>\$ -</u>	<u>\$ 7,694,965</u>

Depreciation expense was charged to functions/programs as follows:

**Governmental activities:**

Public safety	\$ 55,503
Transportation	12,922
Leisure, cultural & social services	34,478
Community development	409,077
General government	34,060
Total governmental activities depreciation expense	<u>\$ 546,040</u>

**Business-type activities:**

Water	\$ 185,963
Waste water	443,885
Transit	126,142
Total business-type activities depreciation expense	<u>\$ 755,990</u>

Additional information on the City's capital assets can be found in Note 5 to the basic financial statements.

**LONG-TERM DEBT**

On June 30, 2021, the City of Guadalupe had almost \$2.1 million in long-term debt outstanding as summarized below:

Long-Term Debt	Governmental Activities	Business-type Activities	Total
OPEB	\$ 494,819	\$ -	\$ 494,819
Pension	3,286,535	495,553	3,782,088
Certificates of participation		1,772,349	1,772,349
Compensated absences	372,580	-	372,580
Capital leases payable	3,704	4,870	8,574
	\$ 4,157,638	\$ 2,272,772	\$ 6,430,410

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

Governmental activities:	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021
OPEB	\$ 470,748	\$ 24,071	\$ -	\$ 494,819
Pension	2,944,075	342,460	-	3,286,535
Compensated absences	319,120	53,460	-	372,580
Capital leases obligations	40,538		36,834	3,704
Total	\$ 3,774,481	\$ 419,991	\$ 36,834	\$ 4,157,638

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

Business-Type Activities:	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021
Pension	\$ 443,916	\$ 51,637	\$ -	\$ 495,553
Certificates of participation	1,840,368	-	68,019	1,772,349
Insurance loan payable	49,954	-	49,954	-
Capital lease obligations	37,999	-	33,129	4,870
Total	\$ 2,372,237	\$ 51,637	\$ 151,102	\$ 2,272,772

Additional information about the City of Guadalupe's long-term debt can be found in Note 6 to the basic financial statements.

## ECONOMIC FACTORS, NEXT YEAR'S BUDGET AND RATES

On July 31, 2018, the Council adopted the fiscal year 2019-21 budget (Resolution No. 2018-47). The General Fund portion of that budget contains a balanced budget.

**Fiscal Outlook.** In fiscal year 2019-20 the General fund increased from prior year's negative fund balance, ending the year at \$485,622, from a negative \$15,325. In fiscal year 2020-21, the fund balanced decreased about \$115,000. The primary goal is to preserve reserves and accumulate reserves. The City's revenue continues to increase as the Pasadera Development adds additional homes this fiscal year. The Escalante Meadows Development is also expected to increase Building Permit and related construction fee revenues by fiscal year 2022. Other revenues showing steady increases are Sales Tax with the new Measure N that was passed with the November 2020 election, Property Tax with new development, Business License, Utility Users Tax and Franchise Fees. However, expenditures for the General Fund exceeded the budget and the revenues received. The City has received \$99,777 from the CARES Act in fiscal year 2021 and will receive American Rescue Plan funds in fiscal year 2022. Amid the pandemic, the City still needs to look at finding alternatives to sustain recurring revenue streams for the future in order to build strong reserves and to continue to provide residents with current services.

## CITY OF GUADALUPE ACTIVITIES

The City of Guadalupe utilizes grants as much as possible to carry out capital projects. Significant success has been achieved through this process. In conjunction with grants, the city seeks low interest loans when available. Infrastructure improvements continue to be a high priority. A continued focus for the future is improvements to the wastewater collection and water distribution systems, along with City parks. Measure A and Gas Tax funding is used for street maintenance projects.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT TEAM

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Guadalupe - Attn: Lorena Zarate, 918 Obispo Street, Guadalupe, CA 93434.

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# BASIC FINANCIAL STATEMENTS

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 4,581,556	\$ 4,502,174	\$ 9,083,730
Accounts receivable	1,795,387	999,572	2,794,959
Prepaid expenses	360,070	899,827	1,259,897
Loans receivable	11,384	-	11,384
Internal balances	(329,399)	329,399	-
Total current assets	<u>6,418,998</u>	<u>6,730,972</u>	<u>13,149,970</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable	3,750,152	1,160,314	4,910,466
Depreciable, net	7,710,437	6,534,651	14,245,088
Total capital assets	<u>11,460,589</u>	<u>7,694,965</u>	<u>19,155,554</u>
Total noncurrent assets	<u>11,460,589</u>	<u>7,694,965</u>	<u>19,155,554</u>
<b>Total assets</b>	<u>17,879,587</u>	<u>14,425,937</u>	<u>32,305,524</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	970,777	146,376	1,117,153
OPEB related amounts	171,307	-	171,307
<b>Total deferred outflows of resources</b>	<u>1,142,084</u>	<u>146,376</u>	<u>1,288,460</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	743,503	209,146	952,649
Accrued salaries and wages payable	213,437	28,492	241,929
Interest payable	-	32,935	32,935
Deposits payable	71,316	56,865	128,181
Unearned revenue	232,536	14,000	246,536
Long-term debt - due within one year	3,704	75,416	79,120
Total current liabilities	<u>1,264,496</u>	<u>416,854</u>	<u>1,681,350</u>
Noncurrent liabilities:			
Net pension liability	3,286,535	495,553	3,782,088
Total OPEB liability	494,819	-	494,819
Long-term debt - due in more than one year	372,580	1,701,803	2,074,383
Total noncurrent liabilities	<u>4,153,934</u>	<u>2,197,356</u>	<u>6,351,290</u>
<b>Total liabilities</b>	<u>5,418,430</u>	<u>2,614,210</u>	<u>8,032,640</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	179,809	27,114	206,923
OPEB related amounts	92,869	-	92,869
<b>Total deferred inflows of resources</b>	<u>272,678</u>	<u>27,114</u>	<u>299,792</u>
<b>NET POSITION</b>			
Net investment in capital assets	11,456,885	5,917,746	17,374,631
Restricted for:			
Street maintenance	1,823,807	-	1,823,807
Other capital projects	746,948	-	746,948
Other purposes	1,954,180	147,033	2,101,213
Total restricted	<u>4,524,935</u>	<u>147,033</u>	<u>4,671,968</u>
Unrestricted	(2,651,257)	5,866,210	3,214,953
<b>Total net position</b>	<u>\$ 13,330,563</u>	<u>\$ 11,930,989</u>	<u>\$ 25,261,552</u>

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental activities:</b>				
General Government	\$ 1,476,764	\$ 229,405	\$ 250,975	\$ -
Public Safety	3,807,341	489,676	252,186	-
Transportation	295,460	-	909,886	108,678
Leisure, cultural and social services	455,268	17,857	17,703	3,114,022
Community development	845,958	169,499	-	-
Interest on long-term debt	9,742	-	-	-
Total governmental activities	6,890,533	906,437	1,430,750	3,222,700
<b>Business-type activities:</b>				
Water	2,028,265	2,695,280	52,481	-
Wastewater Treatment	1,479,778	2,296,971	55,311	-
Solid Waste	-	5,364	-	-
Transit	480,691	133,989	421,775	-
Total business-type activities	3,988,734	5,131,604	529,567	-
<b>Total primary government</b>	<b>\$ 10,879,267</b>	<b>\$ 6,038,041</b>	<b>\$ 1,960,317</b>	<b>\$ 3,222,700</b>

**General Revenues and Transfers:**

Taxes:

Property taxes

Sales taxes

Utilities Uses Tax

Other taxes

Total taxes

Investment earnings

Loss on disposal of assets

Other

Transfers

**Total general revenues and transfers**

**Change in net position**

**Net position - beginning of year**

**Net position - end of year**

Net (Expense) Revenue  
and Changes in Net Position

Total	Governmental Activities	Business-Type Activities	Total
\$ 480,380	\$ (996,384)	\$ -	\$ (996,384)
741,862	(3,065,479)	-	(3,065,479)
1,018,564	723,104	-	723,104
3,149,582	2,694,314	-	2,694,314
169,499	(676,459)	-	(676,459)
-	(9,742)	-	(9,742)
5,559,887	(1,330,646)	-	(1,330,646)
2,747,761	-	719,496	719,496
2,352,282	-	872,504	872,504
5,364	-	5,364	5,364
555,764	-	75,073	75,073
5,661,171	-	1,672,437	1,672,437
\$ 11,221,058	(1,330,646)	1,672,437	341,791
	1,740,033	-	1,740,033
	811,141	-	811,141
	480,619	-	480,619
	544,711	-	544,711
	3,576,504	-	3,576,504
	141,072	29,293	170,365
	(7,303)	-	(7,303)
	190,421	-	190,421
	544,900	(544,900)	-
	4,445,594	(515,607)	3,929,987
	3,114,948	1,156,830	4,271,778
	10,215,615	10,774,159	20,989,774
\$	\$ 13,330,563	\$ 11,930,989	\$ 25,261,552

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# FUND FINANCIAL STATEMENTS

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*Governmental Fund Financial Statements*

*Proprietary Fund Financial Statements*

*Fiduciary Fund Financial Statements*

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

	Major Funds			Other Govern- mental Funds	Total Govern- mental Funds
	General	Community Development	Capital Improvement Program		
<b>ASSETS</b>					
Cash and investments	\$ 963,887	\$ -	\$ 8	\$ 3,617,661	\$ 4,581,556
Accounts receivable	273,972	1,383,398	-	138,017	1,795,387
Prepaid expenses	342,599	-	-	17,471	360,070
Interfund loans receivable	78,393	-	593,582	1,053,069	1,725,044
Loans receivable	-	11,384	-	-	11,384
<b>Total assets</b>	<b>\$ 1,658,851</b>	<b>\$ 1,394,782</b>	<b>\$ 593,590</b>	<b>\$ 4,826,218</b>	<b>\$ 8,473,441</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 103,423	\$ 25,684	\$ 593,582	\$ 20,814	\$ 743,503
Accrued salaries and wages payable	205,867	-	-	7,570	213,437
Deposits payable	71,316	-	-	-	71,316
Unearned revenue	232,536	-	-	-	232,536
Interfund loans payable	622,735	1,345,548	-	86,160	2,054,443
<b>Total liabilities</b>	<b>1,235,877</b>	<b>1,371,232</b>	<b>593,582</b>	<b>114,544</b>	<b>3,315,235</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	52,618	885,953	-	61,266	999,837
<b>Total deferred inflows of resources</b>	<b>52,618</b>	<b>885,953</b>	<b>-</b>	<b>61,266</b>	<b>999,837</b>
<b>Fund Balances:</b>					
Nonspendable:					
Prepaid expenses	342,599	-	-	17,471	360,070
Restricted for:					
Street maintenance	-	-	-	1,823,807	1,823,807
Other capital projects	-	-	-	746,948	746,948
Public safety	-	-	-	185,499	185,499
Utility infrastructure	-	-	-	786,054	786,054
Debt service	-	-	-	32,003	32,003
Lighting and landscape	-	-	-	950,624	950,624
Committed to:					
Capital projects	-	-	8	141,866	141,874
General Reserve	13,878	-	-	-	13,878
Emergency Reserve	13,879	-	-	-	13,879
Unassigned	-	(862,403)	-	(33,864)	(896,267)
<b>Total fund balances</b>	<b>370,356</b>	<b>(862,403)</b>	<b>8</b>	<b>4,650,408</b>	<b>4,158,369</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,658,851</b>	<b>\$ 1,394,782</b>	<b>\$ 593,590</b>	<b>\$ 4,826,218</b>	<b>\$ 8,473,441</b>



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

<b>Total Fund Balances - Total Governmental Funds</b>	<b>\$ 4,158,369</b>
Amounts reported for governmental activities in the Statement of Net Position were different because:	
Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:	
Non-depreciable	3,750,152
Depreciable, net	7,710,437
Total capital assets	<u>11,460,589</u>
Unavailable revenue recorded in the fund financial statements resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements.	999,837
Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statement these contributions are deferred.	487,477
In the Government-Wide Financial Statement certain OPEB amounts are deferred and amortized over a period of time, however, in the governmental funds no transactions are recorded.	78,438
In the Government-Wide Financial Statement certain pension amounts are deferred and amortized over a period of time, however, in the governmental funds no transactions are recorded.	303,491
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.	
Net pension liability	(3,286,535)
Net OPEB liability	(494,819)
Long term liabilities - due within one year	(3,704)
Long term liabilities - due in more than one year	(372,580)
Total long-term liabilities	<u>(4,157,638)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 13,330,563</u></b>

**City of Guadalupe**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2021**

	Major Funds			Other Govern- mental Funds	Total Govern- mental Funds
	General	Community Development	Capital Improvement Program		
<b>REVENUES:</b>					
Taxes	\$ 3,042,483	\$ -	\$ -	\$ 1,003,243	\$ 4,045,726
Licenses and permits	578,659	-	-	40,323	618,982
Fines and penalties	6,246	-	-	-	6,246
Revenues from other agencies	642,707	2,261,162	-	301,147	3,205,016
Charges for current services	291,114	-	-	4,256	295,370
Interest	118,220	1,890	-	20,962	141,072
Other revenues	135,436	15,591	-	44,314	195,341
<b>Total revenues</b>	<b>4,814,865</b>	<b>2,278,643</b>	<b>-</b>	<b>1,414,245</b>	<b>8,507,753</b>
<b>EXPENDITURES:</b>					
Current:					
General government	1,232,529	-	-	-	1,232,529
Public safety	3,581,181	-	-	16,749	3,597,930
Transportation	-	-	-	282,538	282,538
Leisure, cultural and social services	199,869	201,441	-	19,480	420,790
Community development	422,917	-	-	82,055	504,972
Capital outlay	-	26,831	3,921,401	126,435	4,074,667
Debt service:					
Principal	3,562	-	-	12,840	16,402
Interest and fiscal charges	9,742	-	-	-	9,742
<b>Total expenditures</b>	<b>5,449,800</b>	<b>228,272</b>	<b>3,921,401</b>	<b>540,097</b>	<b>10,139,570</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(634,935)</b>	<b>2,050,371</b>	<b>(3,921,401)</b>	<b>874,148</b>	<b>(1,631,817)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	687,292	-	3,928,018	-	4,615,310
Transfers out	(167,623)	(2,948,334)	-	(321,275)	(3,437,232)
<b>Total other financing sources (uses)</b>	<b>519,669</b>	<b>(2,948,334)</b>	<b>3,928,018</b>	<b>(321,275)</b>	<b>1,178,078</b>
<b>Net change in fund balances</b>	<b>(115,266)</b>	<b>(897,963)</b>	<b>6,617</b>	<b>552,873</b>	<b>(453,739)</b>
<b>FUND BALANCES:</b>					
Beginning of year	485,622	35,560	(6,609)	4,097,535	4,612,108
End of year	\$ 370,356	\$ (862,403)	\$ 8	\$ 4,650,408	\$ 4,158,369

# City of Guadalupe

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (453,739)
Amounts reported for governmental activities in the Statement of Activities were different because:	
Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period.	4,090,643
In the Government-Wide Statement of Activities, transfers of capital assets from governmental funds to enterprise funds are recorded as transfers out, whereas in the governmental funds no transfer out is recorded.	(633,178)
Disposed capital assets are recorded as other financing sources in the governmental funds if sold for an amount, but are recorded as a gain or (loss) on the Statement of Activities.	(7,303)
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds.	(560,465)
Accrued compensated leave payable is not recorded in the governmental funds, but the accrued payable increased in the Government-Wide Statement of Net Position causing an expense on the Statement of Activities.	(53,460)
OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(73,097)
Repayment of debt principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Long-term debt repayments	36,834
Revenues that are not considered to be available are reported as unavailable revenues in the governmental funds, however, these amounts are recognized in the Government-Wide Statement of Activities. This amount represents the change in unavailable revenues.	960,131
Current year employer pension contributions are recorded as expenditures in the governmental funds, however, these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.	487,477
Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however, pension expense is not recognized in the governmental funds.	(678,895)
<b>Change in Net Position of Governmental Activities</b>	<u>\$ 3,114,948</u>

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

	Enterprise Funds				Total
	Water	Wastewater Treatment	Transit	(Nonmajor) Solid Waste	
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 1,175,870	\$ 2,985,735	\$ 339,434	\$ 1,135	4,502,174
Accounts receivable, net of allowance	347,237	357,854	294,481	-	999,572
Prepaid expenses	860,211	39,616	-	-	899,827
Interfund loan receivable, current portion	71,500	-	-	-	71,500
<b>Total current assets</b>	<b>2,454,818</b>	<b>3,383,205</b>	<b>633,915</b>	<b>1,135</b>	<b>6,473,073</b>
Noncurrent assets:					
Interfund loan receivable, net of current portion	297,496	-	-	-	297,496
Capital assets:					
Land	29,464	218,961	-	-	248,425
Work in progress	418,619	493,270	-	-	911,889
Buldings, infrastructure and improvements	5,541,868	12,052,727	17,344	-	17,611,939
Vehicles	68,251	113,286	1,647,520	-	1,829,057
Equipment	392,348	142,200	10,610	-	545,158
Less accumulated depreciation	(3,580,058)	(8,797,326)	(1,074,119)	-	(13,451,503)
<b>Total capital assets</b>	<b>2,870,492</b>	<b>4,223,118</b>	<b>601,355</b>	<b>-</b>	<b>7,694,965</b>
<b>Total noncurrent assets</b>	<b>3,167,988</b>	<b>4,223,118</b>	<b>601,355</b>	<b>-</b>	<b>7,992,461</b>
<b>Total assets</b>	<b>5,622,806</b>	<b>7,606,323</b>	<b>1,235,270</b>	<b>1,135</b>	<b>14,465,534</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related amounts	63,031	83,345	-	-	146,376
<b>Total deferred outflows of resources</b>	<b>63,031</b>	<b>83,345</b>	<b>-</b>	<b>-</b>	<b>146,376</b>

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

	Enterprise Funds				Total
	Water	Wastewater Treatment	Transit	(Nonmajor) Solid Waste	
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	47,910	116,529	44,707	-	209,146
Due to other funds	20,998	18,599	-	-	39,597
Deposits payable	56,865	-	-	-	56,865
Accrued wages and benefits	14,301	14,191	-	-	28,492
Unearned revenue	-	14,000	-	-	14,000
Interest payable	18,396	14,539	-	-	32,935
Current portion of capital lease obligations	-	4,870	-	-	4,870
Current portion of certificates of participation	45,586	24,960	-	-	70,546
<b>Total current liabilities</b>	<b>204,056</b>	<b>207,688</b>	<b>44,707</b>	<b>-</b>	<b>456,451</b>
Noncurrent liabilities:					
Certificates of participation, net of current portion	952,816	748,987	-	-	1,701,803
Net pension liability	213,391	282,162	-	-	495,553
<b>Total noncurrent liabilities</b>	<b>1,166,207</b>	<b>1,031,149</b>	<b>-</b>	<b>-</b>	<b>2,197,356</b>
<b>Total liabilities</b>	<b>1,370,263</b>	<b>1,238,837</b>	<b>44,707</b>	<b>-</b>	<b>2,653,807</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related amounts	11,675	15,439	-	-	27,114
<b>Total deferred inflows of resources</b>	<b>11,675</b>	<b>15,439</b>	<b>-</b>	<b>-</b>	<b>27,114</b>
<b>NET POSITION</b>					
Net investment in capital assets	1,872,090	3,444,301	601,355	-	5,917,746
Restricted for debt service	88,455	58,578	-	-	147,033
Unrestricted	2,343,354	2,932,513	589,208	1,135	5,866,210
<b>Total net position</b>	<b>\$ 4,303,899</b>	<b>\$ 6,435,392</b>	<b>\$ 1,190,563</b>	<b>\$ 1,135</b>	<b>\$ 11,930,989</b>

# City of Guadalupe

## Statement of Revenues, Expenses and Changes in Fund Net Position

### Proprietary Funds

For the year ended June 30, 2021

	Enterprise Funds				Total
	Water	Wastewater Treatment	Transit	(Nonmajor) Solid Waste	
<b>OPERATING REVENUES:</b>					
Water sales	\$ 2,538,906	\$ -	\$ -	\$ -	\$ 2,538,906
Standby charges	29,654	-	-	-	29,654
Connection fees	41,257	15,941	-	-	57,198
Sewer service charges	-	1,891,364	-	-	1,891,364
Refuse service charges	-	-	-	5,364	5,364
Other revenues	85,463	389,666	133,989	-	609,118
<b>Total operating revenues</b>	<b>2,695,280</b>	<b>2,296,971</b>	<b>133,989</b>	<b>5,364</b>	<b>5,131,604</b>
<b>OPERATING EXPENSES:</b>					
Personnel services	388,692	324,103	-	-	712,795
Maintenance and operations	1,410,162	675,473	354,549	-	2,440,184
Depreciation	185,963	443,885	126,142	-	755,990
<b>Total operating expenses</b>	<b>1,984,817</b>	<b>1,443,461</b>	<b>480,691</b>	<b>-</b>	<b>3,908,969</b>
<b>OPERATING INCOME (LOSS)</b>	<b>710,463</b>	<b>853,510</b>	<b>(346,702)</b>	<b>5,364</b>	<b>1,222,635</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Revenues from other agencies	52,481	55,311	421,775	-	529,567
Interest income	14,295	13,262	1,736	-	29,293
Interest expense	(43,448)	(36,317)	-	-	(79,765)
<b>Total nonoperating revenues (expenses)</b>	<b>23,328</b>	<b>32,256</b>	<b>423,511</b>	<b>-</b>	<b>479,095</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>733,791</b>	<b>885,766</b>	<b>76,809</b>	<b>5,364</b>	<b>1,701,730</b>
Contributed capital	437,767	195,411	-	-	633,178
Transfers out	(732,667)	(410,411)	(35,000)	-	(1,178,078)
<b>Total contributions and transfers</b>	<b>(294,900)</b>	<b>(215,000)</b>	<b>(35,000)</b>	<b>-</b>	<b>(544,900)</b>
<b>Change in net position</b>	<b>438,891</b>	<b>670,766</b>	<b>41,809</b>	<b>5,364</b>	<b>1,156,830</b>
<b>NET POSITION</b>					
Beginning of year	3,865,008	5,764,626	1,148,754	(4,229)	10,774,159
End of year	<u>\$ 4,303,899</u>	<u>\$ 6,435,392</u>	<u>\$ 1,190,563</u>	<u>\$ 1,135</u>	<u>\$ 11,930,989</u>

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

	Enterprise Funds	
	Water	Wastewater Treatment
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 2,573,293	\$ 2,268,967
Cash received from connection fees	41,257	15,941
Cash received from standby charges and other agencies	29,654	-
Cash paid to suppliers for goods and services	(1,665,674)	(604,235)
Cash paid to employees and related benefits	(377,396)	(307,337)
<b>Net cash provided by (used in) operating activities</b>	<b>601,134</b>	<b>1,373,336</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Operating grants received	52,481	55,311
Internal activity - cash paid to (received from) other funds for interfund loan payments	85,832	18,599
Net transfers	(294,900)	(215,000)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(156,587)</b>	<b>(141,090)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Net change in insurance payable	(24,977)	(24,977)
Net changes in capital lease obligations	(10,309)	(22,820)
Principal payments on certificates of participation	(43,839)	(24,180)
Interest payments on certificates of participation	(43,314)	(36,732)
Sale (Acquisition) of capital assets	(437,767)	(195,411)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(560,206)</b>	<b>(304,120)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest on investments	14,295	13,262
<b>Net cash provided by (used in) investing activities</b>	<b>14,295</b>	<b>13,262</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(101,364)</b>	<b>941,388</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>1,277,234</b>	<b>2,044,347</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 1,175,870</b>	<b>\$ 2,985,735</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 710,463	\$ 853,510
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	185,963	443,885
Changes in assets, deferred outflows and inflows of resources, and liabilities		
Accounts receivable	(57,483)	(26,063)
Prepaid expenses	(242,559)	(19,448)
Deferred outflows pensions	(5,321)	(7,035)
Accounts payable	(12,953)	90,686
Deposits payable	6,407	-
Accrued wages and benefits	(1,133)	332
Net pension liability	22,236	29,401
Deferred inflows pensions	(4,486)	(5,932)
<b>Total adjustments</b>	<b>(109,329)</b>	<b>519,826</b>
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 601,134</b>	<b>\$ 1,373,336</b>



Enterprise Funds		
Transit	Solid Waste	Total
\$ (45,794)	\$ 5,364	\$ 4,801,830
-	-	57,198
-	-	29,654
(332,984)	-	(2,602,893)
-	-	(684,733)
<u>(378,778)</u>	<u>5,364</u>	<u>1,601,056</u>
32,874	-	140,666
-	(4,229)	100,202
(35,000)	-	(544,900)
<u>(2,126)</u>	<u>(4,229)</u>	<u>(304,032)</u>
-	-	(49,954)
-	-	(33,129)
-	-	(68,019)
-	-	(80,046)
388,901	-	(244,277)
<u>388,901</u>	<u>-</u>	<u>(475,425)</u>
1,736	-	29,293
<u>1,736</u>	<u>-</u>	<u>29,293</u>
9,733	1,135	850,892
329,701	-	3,651,282
<u>\$ 339,434</u>	<u>\$ 1,135</u>	<u>\$ 4,502,174</u>
\$ (346,702)	\$ 5,364	\$ 1,222,635
126,142	-	755,990
(179,783)	-	(263,329)
-	-	(262,007)
-	-	(12,356)
21,565	-	99,298
-	-	6,407
-	-	(801)
-	-	51,637
-	-	(10,418)
<u>(32,076)</u>	<u>-</u>	<u>378,421</u>
<u>\$ (378,778)</u>	<u>\$ 5,364</u>	<u>\$ 1,601,056</u>

**City of Guadalupe**  
**Statement of Fiduciary Net Position**  
**Fiduciary Fund**  
**June 30, 2021**

	<u>Private-Purpose Trust Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 1,033,508
Cash with fiscal agent	306,536
Accounts receivable	146,035
Property held for resale	222,482
Capital assets, net of accumulated depreciation	<u>129,539</u>
<b>Total assets</b>	<u>1,838,100</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on refunding	<u>76,494</u>
<b>Total deferred outflows of resources</b>	<u>76,494</u>
<b>LIABILITIES</b>	
Accounts payable	20,554
Interest payable	55,888
Unearned revenue	439,819
Long-term liabilities:	
Due within one year	225,000
Due after one year	<u>3,897,529</u>
<b>Total liabilities</b>	<u>4,638,790</u>
<b>NET POSITION</b>	
Held in trust for other governments	<u>\$ (2,724,196)</u>

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

	Private-Purpose Trust Fund
<b>ADDITIONS:</b>	
Property taxes	\$ 528,797
Revenue from other agencies	113,690
Other revenues	4,501
<b>Total additions</b>	<u>646,988</u>
<b>DEDUCTIONS:</b>	
Program expenses	118,527
Administration expenses	165,000
Interest on long-term liabilities	145,481
Depreciation	9,900
<b>Total Deductions</b>	<u>438,908</u>
<b>Change in net position</b>	208,080
<b>NET POSITION:</b>	
Beginning of year	<u>(2,932,276)</u>
End of year	<u>\$ (2,724,196)</u>

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# NOTES TO BASIC FINANCIAL STATEMENTS

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The City of Guadalupe (the City) was incorporated on August 3, 1946. The City is a general law city under the laws of the State of California and operates under a Council-Administrator form of government. The City provides the following services: public safety (police and fire), construction and maintenance of highways and streets, sanitation, culture and recreation, public improvements, planning, zoning and general administration. Enterprise funds, operated in a manner similar to a private business, include water, wastewater, and transit.

The City has defined its reporting entity in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, amended by GASB Statements No. 39 and 61. These statements provide guidance for determining which organizations, functions and activities of a government should be included in the general purpose financial statements.

The criteria for inclusion in the basic financial statements are generally based upon the ability of the City to exercise oversight responsibility over such organizations, functions and activities. Oversight responsibility is generally defined as the existence of financial interdependency and/or the ability to appoint governing boards, to designate management, to significantly influence operations, to approve operating budgets or to control day to day activities.

The accompanying financial statements include all activities and reporting entities over which the City exercises oversight responsibility. Effective January 31, 2012, the Community Redevelopment Agency of the City of Guadalupe (the Agency) was dissolved through the Supreme Court decision on Assembly Bill 1X26. This action impacted the reporting entity of the City that previously had reported the Agency as a blended component unit. See Note 12 for additional information on the dissolution and reporting of the Agency as a Private Purpose Trust Fund.

In determining the financial reporting entity for the City of Guadalupe, the following governmental unit has met the criteria for inclusion in the City's financial statements.

Guadalupe Public Financing Authority

The Guadalupe Public Financing Authority (Authority) was established in 2000, and is a separate government entity under the laws of the State of California. The purpose of the Authority is to provide financing for the construction and acquisition of selected City facilities. The City Council of the City of Guadalupe and the Board of Directors of the Authority are legally separate boards; however, they share a common membership. Activities of the Authority are accounted for in the applicable City governmental or enterprise funds. Separate financial statements are not prepared for the Authority, as it is included in the accompanying financial statements as a blended component unit.

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

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

**A. Reporting Entity, Continued**

Other Governmental Agencies

Other governmental agencies provide various levels of services to residents of the City, either entirely or partially. The entities include, but are not limited to, the State of California, the County of Santa Barbara, as well as several school districts. Each of these agencies has an independently elected governing board or is dependent on an independently elected governing board other than the City Council of the City of Guadalupe.

The City has no ability to appoint or control the management of any of these entities and is not responsible for any operating losses or debts incurred. As a result of the above analysis, financial information for these agencies is not included within the scope of this report.

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

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

**Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the primary government and its blended component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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



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

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

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

**Government-Wide Financial Statements, Continued**

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

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

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

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

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

**Fund Financial Statements**

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

**Governmental Fund Financial Statements**

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent that they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

**Governmental Fund Financial Statements, Continued**

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Other revenues susceptible to accrual include other taxes, intergovernmental revenues, interest, and charges for services.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures/expenses. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

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

General Fund accounts for resources traditionally associated with governmental activities that are not required legally or by sound financial management to be accounted for in another fund.

Community Development fund accounts for monies spent and activities performed under the Community Development Block Grant

Capital Improvement Program fund is used to account for projects approved by Council from various funding sources.

The Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided.

**Proprietary Fund Financial Statements**

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

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which a liability is incurred.

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

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

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

**Proprietary Fund Financial Statements, Continued**

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

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The proprietary funds' "deposits" in the City-wide cash management pool are, in substance, demand deposits and are, therefore, considered cash equivalents for purposes of the Statement of Cash Flows.

The City reports the Water, Wastewater, and Transit funds as major proprietary funds of the City.

Water Fund: This enterprise fund accounts for the operation of the City's water utility, a self-supporting activity, which renders a service on a user charge basis to residents and businesses.

Wastewater Treatment Fund: This enterprise fund accounts for the operations of the City's wastewater treatment plant. The fund accounts for the operation of the City's sewer utility, a self-supporting activity, which renders a service on a user charge basis to residents and businesses.

Transit Fund: This enterprise fund accounts for the operations of the City's transit service within the City and surrounding areas.

The City reports on non-major proprietary fund:

Solid Waste Fund: This enterprise fund accounts for the discontinued operations of the City's solid waste collection and disposal services, which rendered service on a user charge basis to residents and businesses. It is anticipated that this fund will close in the fiscal year ending June 30, 2022.

**Fiduciary Fund Financial Statements**

Fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. Fiduciary fund statement consist of a private purpose trust fund which accounts for the assets and liabilities of the former Redevelopment Agency.

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

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

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

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

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

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

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

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

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

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

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

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

**D. Restricted Cash and Investments**

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt, for acquisition and construction of capital projects, and to meet bond indenture debt reserve requirements.

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

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

**E. Capital Assets**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair value on the date contributed. The City's policy is to capitalize all capital assets with costs exceeding \$5,000 and with useful lives exceeding one year.

With the implementation of GASB Statement No. 34, the City has recorded all its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each fiscal year represents that fiscal year's pro rata share of the cost of capital assets. GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each fiscal year until the asset is fully depreciated.

The City has assigned the useful lives listed below to capital assets.

Vehicles	5 - 10 years
Buildings and Improvements	20 - 35 years
Equipment	5 - 15 years
Infrastructure	10 - 50 years

**F. Interest Payable**

In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is incurred for governmental fund types and proprietary fund types.

In the Fund Financial Statements, proprietary and fiduciary fund types recognize the interest payable when the liability is incurred, but governmental fund types do not recognize an interest payable. Instead interest expense is recorded when the payment is made.

**G. Long-Term Debt**

**Government-Wide Financial Statements**

Long-term debt and other long-term obligations are reported as liabilities in the appropriate activities.

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

**Fund Financial Statements**

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

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

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

**G. Long-Term Debt, Continued**

**Fund Financial Statements, Continued**

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

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

**H. Property Taxes**

California Constitution Article XIII A limits the combined property tax rate to one percent of a property's assessed valuation. Additional taxes may be imposed with voter approval. Assessed value is calculated at one hundred percent of a property's fair value, as defined by Article XIII A, and may be increased no more than two percent per year unless a change in ownership occurs. The state legislature has determined the method of distributing the one percent tax levy among the various taxing jurisdictions.

Property tax revenues are recognized in the fiscal year for which taxes have been levied, and collected within sixty days of fiscal year-end. Property tax assessment and collection is administered by the County of Santa Barbara.

Property taxes are billed and collected as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation/Lien Date(s)	January 1	January 1
Levy Date(s)	September 1	January 1
Due Date(s)	November 1 (50%) February 1 (50%)	Upon Billing
Delinquency Date(s)	December 10 (Nov.) April 10 (Feb.)	August 31

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

In addition to assets, the statement of net position (balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position (balance sheet) will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

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

**J. Net Position**

**Government-Wide Financial Statements**

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

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

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

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

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

**K. Fund Balances**

**Fund Financial Statements**

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). The classifications of fund balances are as follows:

**Non-spendable Fund Balances**

This component consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**Restricted Fund Balances**

This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

**Committed Fund Balances**

This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority which includes the City Municipal Code, Ordinances and Resolutions. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (City Municipal Code, Ordinance and Resolution) it employed previously to commit those amounts.

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

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

**K. Fund Balances, Continued**

**Assigned Fund Balances**

This component consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Such intent should be expressed by the City Council or its designated officials to assign amounts to be used. Constraints imposed on the use of assigned amounts can be removed with no formal Council actions.

**Unassigned Fund Balance**

This component consists of amounts that have not been restricted, committed or assigned to specific purposes.

**Hierarchy of Expenditures to Classify Fund Balance Amounts**

The City has formally adopted a spending policy regarding the order in which restricted, committed, assigned, and unassigned fund balances are spent when more than one amount is available for a specific purpose. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed.

**L. Compensated Leave Payable**

In compliance with GASB Statement No. 16, the City has established a liability for accrued sick leave and vacation in relevant funds. For governmental funds, the current liability appears in the respective funds. All vacation paid is accrued when incurred in the government-wide and proprietary funds financial statements. This liability is set up for current employees at their current rates of pay. If sick leave and vacation are not used by the employee during the term of employment, compensation is payable to the employee at the time of retirement. Such compensation is calculated at the employee's prevailing rate at the time of retirement or termination. Each fiscal year, an adjustment to the liability is made based on pay rate changes and adjustments for the current portion. The General Fund is primarily responsible for the repayment of the governmental portion of compensated absences.

**M. Pension**

The City recognizes a net pension liability, which represents the City's proportionate share of net pension liability reflected in the actuarial reports provided by the California Public Employees' Retirement System (CalPERS) plan (Plan). The net pension liability is measured as of the City's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in the 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 in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.



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

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

**M. Pension, Continued**

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

**N. Other Postemployment Benefits (OPEB)**

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

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

**O. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**P. New Pronouncements**

The City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 84, *Fiduciary Activities* - The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. There was no impact on net position as a result of this statement.

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

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

*P. New Pronouncements, Continued*

- GASB Statement No. 90, *Majority Equity Interests* – The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement did not apply to the City for the current fiscal year.
- GASB Statement No. 93, *Interbank offered rates (except LIBOR removal and lease modifications)* – The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate. The requirements of this statement did not apply to the City for the current fiscal year.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The City added a disclosure regarding the 457 plan in Note 9.

**2. CASH AND INVESTMENTS**

The City maintains a cash and investment pool for all funds. Certain restricted funds that are held and invested by independent outside custodians through contractual agreements are not pooled. These restricted funds include cash and investment held by trustees.

The following is a summary of cash and investments at June 30, 2021:

	<u>Government-Wide Statement of Net Position</u>			<u>Fund Financials</u>	
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Fiduciary Funds</u>	
	<u>Activities</u>	<u>Activities</u>		<u>Statement of</u>	<u>Total</u>
				<u>Net Position</u>	
Cash and investments	\$ 4,581,556	\$ 4,502,174	\$ 9,083,730	\$ 1,033,508	\$10,117,238
Restricted cash and investments	-	-	-	306,536	306,536
<b>Total cash and investments and</b>					
<b>restricted cash and investments</b>	<u>\$ 4,581,556</u>	<u>\$ 4,502,174</u>	<u>\$ 9,083,730</u>	<u>\$ 1,340,044</u>	<u>\$10,423,774</u>

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

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**2. CASH AND INVESTMENTS, Continued**

**A. Summary of Cash and Investments**

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

<b>Cash and investments:</b>	
Deposits	\$ 2,127,989
Petty cash	2,800
Local Agency Investment Fund (LAIF)	7,940,699
Common stock	45,750
<b>Total cash and investments</b>	<u><u>\$ 10,117,238</u></u>

**B. Deposits**

The carrying amount of the City's cash deposits was \$2,127,989 at June 30, 2021. Bank balances before reconciling items were \$2,282,849 at June 30, 2021. The City's cash deposit was fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities held by the pledging financial institutions in the City's name.

The California Government Code (Code) Section 53652 requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. The Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

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

**2. CASH AND INVESTMENTS, Continued**

**C. Investments**

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Securities of the United States Government, or its agencies	5 years	N/A	N/A
Certificates of deposit (or time deposits) placed with commercial banks and/or savings and loan companies	5 years	N/A	N/A
Negotiable certificates of deposit	5 years	N/A	N/A
Commercial paper	5 years	N/A	N/A
Money market funds rated "AAAm" or "AAAmg" by Standard & Poor's Corporation	5 years	N/A	N/A
Local Agency Investment Fund (State Pool)	5 years	N/A	N/A
Repurchase agreements	5 years	N/A	N/A

Investments are stated at fair value using the aggregate method in all funds, resulting in the following investment income in all funds:

Interest and dividend income	\$ 52,366
Unrealized gain in changes in fair value of investments	<u>15,675</u>
<b>Total investment income</b>	<b><u>\$ 68,041</u></b>

The City's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise. The portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. Generally the City's practice is to buy and hold investments until maturity dates. Consequently, the City's investments are carried at fair value.

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

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

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

**2. CASH AND INVESTMENTS, Continued**

**C. Investments, Continued**

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

As of June 30, 2021, the City had \$7,940,699 invested in LAIF, which had invested 2.31% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 3.37% in the previous year. The LAIF fair value factor of 1.00008297 was used to calculate the fair value of the investments in LAIF.

**D. Risk Disclosures**

*Interest Risk:* Interest rate risk is the market value fluctuation due to overall changes in the interest rates. It is mitigated by limiting the average maturity of the City’s portfolio not to exceed three years. Investments held in the City Treasury grouped by maturity date at June 30, 2021, are shown below:

Investment Type	Totals	Remaining Maturity (in Months) 12 Months Or Less
LAIF	\$ 7,940,699	\$ 7,940,699
Common stock	45,750	45,750
Total	\$ 7,986,449	\$ 7,986,449

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

At June 30, 2021, the City’s deposits and investments were rated as follows:

Investment Type	Amount	Minimum Legal Rating	Rating as of Fiscal Year-End Not Rated
State Pool	\$ 7,940,699	N/A	\$ 7,940,699
Common stock	45,750	N/A	45,750
Total	\$ 7,986,449		\$ 7,986,449

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

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

**2. CASH AND INVESTMENTS, Continued**

*E. Investment Valuation*

Investments (except money market accounts that are included as part of restricted cash and investments) are measured at fair value on a recurring basis. Recurring fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

Investment Type	Amount	Fair Value Measurement Using:		
		Level 1	Level 2	Level 3
Investments subject to leveling:				
Common stock	\$ 45,750	\$ 45,750	\$ -	\$ -
Total investments subject to leveling	45,750	45,750	-	-
Investments not subject to leveling:				
State Pool	7,940,699			
Total investments	\$ 7,986,449			

**3. INTERFUND TRANSACTIONS**

*A. Interfund Loans Receivable*

At June 30, 2021, the City had the following interfund loans:

	General Fund	Loans From			Total
		Capital Improvement Program	Non-Major Governmental Funds	Water Fund	
Loans To					
General Fund	\$ -	\$ 13,739	\$ 240,000	\$ 368,996	\$ 622,735
Community Development	78,393	522,419	744,736	-	1,345,548
Non-Major Governmental Fund	-	17,827	68,333	-	86,160
Water Fund	-	20,998	-	-	20,998
Sewer Fund	-	18,599	-	-	18,599
Total	\$ 78,393	\$ 593,582	\$ 1,053,069	\$ 368,996	\$ 2,094,040

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

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**3. INTERFUND TRANSACTIONS, Continued**

*A. Interfund Loans Receivable, Continued*

Interfund loans occur when one fund loans another fund amounts for a specific purpose. The City intends to pay amounts back to the appropriate loaning fund in a manner similar to how an external loan would be paid, with a set payment schedule and interest based on the LAIF interest rate. The purpose of the interfund loans to the General Fund was to reduce a negative cash balance and support continued operations. The purpose of the Library Fund interfund loan was to pay the library lease payments, which will be supported through development fees in future years. In the fiscal year ending June 30, 2020, the Park Development Fund loaned proceeds from the sale of property to the Community Development Fund to aid in liquidity for community projects.

The remaining loans are short term balances. The General Fund loaned the Community Development Fund \$78,393 to cover negative cash. The entire balance due from other funds to the Capital Improvement Program is for services rendered before June 30, 2021 but were paid after that date. They will be paid back in the fiscal year ending June 30, 2022.

As of June 30, 2021, future minimum payments on the General Fund loans were as follows:

	<u>General Fund</u>
2022	132,739
2023	130,666
2024	142,332
2025	153,998
2026	31,500
2027-2028	31,500
	<u>\$ 622,735</u>

The Community Development Fund is intended to settle the loan from the Park Development Fund of \$744,736 in the fiscal year ending June 30, 2022. The Library Fund interfund loan does not have a set payment schedule. All other loans will be paid in the fiscal year ending June 30, 2022.

*B. Transfers*

Interfund transfers are used to move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due and to move unrestricted fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs. Interfund transfers to the General Fund are for the variable cost allocation plan for services provided to other funds of the City.

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

**3. INTERFUND TRANSACTIONS, Continued**

*B. Transfers, Continued*

At June 30, 2021 the City had the following transfers in/out which arose in the normal course of operations:

Transfer Out	Transfer In		Total
	General Fund	Capital Improvement Program	
General Fund	\$ -	\$ 167,623	\$ 167,623
Community Development	29,492	2,918,842	2,948,334
Capital Improvement Program	-	-	-
Non-Major Governmental Funds	112,900	208,375	321,275
Water Fund	294,900	437,767	732,667
Wastewater Fund	215,000	195,411	410,411
Transit Fund	35,000	-	35,000
<b>Total</b>	<b>\$ 687,292</b>	<b>\$ 3,928,018</b>	<b>\$ 4,615,310</b>

The transfers from the Water and Wastewater funds to the Capital Improvement Fund were to pay for capital projects related to those funds. The Capital Improvement Fund transferred back the projects to the Water and Wastewater funds in the form of capital assets which is not shown in the Capital Improvement Program Fund financial statements, but is recorded in the Water and Wastewater Funds as additions to capital assets.

**4. LOANS AND NOTES RECEIVABLE**

The City has made various loans under Community Development Block Grants to qualified homeowners and businesses. Under the terms of the business loans, repayments are due in monthly installments through 2022. Under the terms of the homeowner agreements, repayments of the loans are only required upon the sale of the home. The outstanding balance of the total loans receivable was \$11,384 at June 30, 2021 and the business loans receivable portion was \$5,066.

At June 30, 2021, the aggregate maturities of the City's business loans and notes receivable were as follows:

<u>For the Year Ending June 30,</u>	<u>Business Loans</u>
2022	\$ 5,066
Total	<u>\$ 5,066</u>

The homeowner loans receivable amount of \$6,318 does not have a fixed repayment schedule.



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

**5. CAPITAL ASSETS**

**A. Government-Wide Financial Statements**

The following is a summary of changes in the capital assets for the governmental activities during the fiscal year:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
Non-depreciable assets:				
Land	\$ 343,131	\$ -	\$ -	\$ 343,131
Construction in progress	362,305	3,044,716	-	3,407,021
Total non-depreciable assets	<u>705,436</u>	<u>3,044,716</u>	<u>-</u>	<u>3,750,152</u>
Depreciable assets:				
Buildings and improvements	5,313,163	91,135	(15,650)	5,388,648
Vehicles	895,432	26,791	(15,300)	906,923
Equipment	631,674	51,316	-	682,990
Infrastructure	7,740,634	7,158	-	7,747,792
Total depreciable assets	<u>14,580,903</u>	<u>176,400</u>	<u>(30,950)</u>	<u>14,726,353</u>
Less accumulated depreciation:				
Buildings and improvements	1,930,676	148,139	(8,347)	2,070,468
Vehicles	743,243	56,228	(15,300)	784,171
Equipment	561,165	17,557	-	578,722
Infrastructure	3,480,363	324,116	-	3,804,479
Total accumulated depreciation	<u>6,715,447</u>	<u>546,040</u>	<u>(23,647)</u>	<u>7,237,840</u>
Total depreciable assets, net	<u>7,865,456</u>	<u>(369,640)</u>	<u>(7,303)</u>	<u>7,488,513</u>
<b>Total capital assets</b>	<u>\$ 8,570,892</u>	<u>\$ 2,675,076</u>	<u>\$ (7,303)</u>	<u>\$ 11,238,665</u>

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

General government	\$ 34,060
Public safety	55,503
Transportation	12,922
Leisure, cultural & social services	34,478
Community development	409,077
<b>Total depreciation expense</b>	<u>\$ 546,040</u>

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

**5. CAPITAL ASSETS, Continued**

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

The following is a summary of changes in the capital assets for business-type activities during the fiscal year:

	Balance <u>June 30, 2020</u>	Additions	Transfer	Balance <u>June 30, 2021</u>
Non-depreciable assets:				
Land	\$ 248,425	\$ -	\$ -	\$ 248,425
Construction in progress	<u>491,039</u>	<u>450,979</u>	<u>(30,129)</u>	<u>911,889</u>
Total non-depreciable assets	<u>739,464</u>	<u>450,979</u>	<u>(30,129)</u>	<u>1,160,314</u>
Depreciable assets:				
Buildings and improvements	10,158,853	133,398	30,129	10,322,380
Vehicles	1,829,057	-	-	1,829,057
Equipment	545,158	-	-	545,158
Infrastructure	<u>7,240,758</u>	<u>48,801</u>	<u>-</u>	<u>7,289,559</u>
Total depreciable assets	<u>19,773,826</u>	<u>182,199</u>	<u>30,129</u>	<u>19,986,154</u>
Less accumulated Depreciation:				
Buildings and improvements, and infrastructure	7,471,298	240,351	-	7,711,649
Vehicles	1,057,258	150,080	-	1,207,338
Equipment	530,823	3,521	-	534,344
Infrastructure	<u>3,636,134</u>	<u>362,038</u>	<u>-</u>	<u>3,998,172</u>
Total accumulated depreciation	<u>12,695,513</u>	<u>755,990</u>	<u>-</u>	<u>13,451,503</u>
Total depreciable assets, net	<u>7,078,313</u>	<u>(573,791)</u>	<u>30,129</u>	<u>6,534,651</u>
Total capital assets	<u>\$ 7,817,777</u>	<u>\$ (122,812)</u>	<u>\$ -</u>	<u>\$ 7,694,965</u>

Depreciation expense for the year ended June 30, 2021 was as follows:

Water	\$ 185,963
Wastewater	443,885
Transit	<u>126,142</u>
<b>Total depreciation expense</b>	<u>\$ 755,990</u>

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

**5. CAPITAL ASSETS, Continued**

**B. Governmental Fund Financial Statements**

The governmental fund financial statements do not present general government capital assets but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

**6. LONG-TERM DEBT**

**A. Governmental Activities**

For the year ended June 30, 2021, governmental activities long-term liabilities activity was as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Capital lease obligations	\$ 40,538	\$ -	\$ (36,834)	\$ 3,704	\$ 3,704
Compensated absences	319,120	53,460	-	372,580	-
<b>Total</b>	<b>\$ 359,658</b>	<b>\$ 53,460</b>	<b>\$ (36,834)</b>	<b>\$ 376,284</b>	<b>\$ 3,704</b>

**Capital Lease Obligations**

The City leases vehicles and equipment under capital leases with terms that expire in December 2021. Amortization on the assets leased is included in depreciation expense.

**Compensated Absences**

Compensated absences in the governmental funds are generally liquidated by the General Fund on a pay-as-you-go basis.

**B. Business-Type Activities**

For the year ended June 30, 2021, business-type activities long-term liabilities activity was as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Certificates of participation	\$ 1,840,368	\$ -	\$ (68,019)	\$ 1,772,349	\$ 70,546
Capital lease obligations	37,999	-	(33,129)	4,870	4,870
Insurance claims payable	49,954	-	(49,954)	-	-
<b>Total</b>	<b>\$ 1,928,321</b>	<b>\$ -</b>	<b>\$ (151,102)</b>	<b>\$ 1,777,219</b>	<b>\$ 75,416</b>

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

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

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

**Certificates of Participation 2000 – Original Issue \$1,429,800**

On December 21, 2000, the City issued certificates of participation through the Guadalupe Financing Authority which were purchased by the US Department of Agriculture (USDA) Rural Utilities Service (RUS), amounting to \$1,429,800, in an agreement which included a grant of \$875,200 for water and sewer line replacement. Under the terms of the agreement, the City has pledged net water revenues and net wastewater revenues for the payment of debt service. For the fiscal year ending June 30, 2021, the net water and wastewater revenues were \$591,276 and \$478,198 respectively. The principal and interest payments for the debt during the fiscal year ended June 30, 2021 totaled \$77,164. The certificates of participation bear interest at 4.5% per annum, with principal and interest payments due semiannually through August 1, 2040. At June 30, 2021, the principal balance outstanding was \$992,240.

The annual debt service requirements on the Certificates of Participation 2000 are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 32,000	\$ 44,734	\$ 76,734
2023	34,000	43,257	77,257
2024	36,000	41,690	77,690
2025	37,000	40,055	77,055
2026	39,000	38,351	77,351
2027-2031	225,000	163,026	388,026
2032-2036	280,000	106,451	386,451
2037-2041	309,240	36,298	345,538
Total	<u>\$ 992,240</u>	<u>\$ 513,862</u>	<u>\$ 1,506,102</u>

**Certificates of Participation 2005 – Original Issue \$1,203,900**

On July 27, 2005, the City issued certificates of participation which were purchased by the US Department of Agriculture (USDA) Rural Utilities Service (RUS), amounting to \$1,203,900, in an agreement which included a grant for water tank construction and upgrades. Under the terms of the agreement, the City has pledged tax increment revenues for the payment of debt service. Where tax increment revenues are no longer available for the payment of debt service, the City has pledged net water revenues for the payment of debt service. For the fiscal year ending June 30, 2021, the net water revenues were \$591,276 and the principal and interest payments for the debt during the fiscal year were \$71,326. The certificates of participation bear interest at 4.125% per annum, with principal and interest payments due semiannually through July 28, 2035. At June 30, 2021, the principal balance outstanding was \$780,109.

**City of Guadalupe**  
**Notes to Basic Financial Statements**  
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**6. LONG-TERM DEBT, Continued**

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

The annual debt service requirements on the Certificates of Participation-2005 are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 38,546	\$ 32,750	\$ 71,296
2023	40,136	31,130	71,266
2024	41,793	29,442	71,235
2025	43,516	27,686	71,202
2026	45,311	25,856	71,167
2027-2031	256,182	99,089	355,271
2032-2036	314,625	40,612	355,237
Total	<u>\$ 780,109</u>	<u>\$ 286,565</u>	<u>\$ 1,066,674</u>

**Capital Lease Obligations**

The City leases vehicles and equipment under capital leases that have terms that expire in December 2021. Amortization on the assets leased is included in depreciation expense.

**7. FUND BALANCE**

The City Council approved through resolution the creation of two reserve accounts within the General Fund: General Reserve, and Emergency Reserve.

**General Reserve**

The General Reserve’s purpose is to provide funding to meet operational appropriation requirements in the event that the City experiences shortfalls in the collection of General Fund revenues or major unanticipated increases in expenditures. At a minimum, the balance is to be set at 10% of the City’s annual operating budget. Use of funds from the General Reserve may only be made after City Council approval.

**Emergency Reserve**

The General Reserve’s purpose is to provide emergency funding as a result of a declared emergency or to fund an unanticipated urgent event affecting or threatening the public health, safety, and welfare of the City. At a minimum, the balance is to be set at 5% of the City’s annual operating budget. Use of funds from the General Reserve may only be made after City Council approval.

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

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**8. JOINT EXERCISE OF POWERS AGREEMENT**

The City of Guadalupe participates in two joint ventures under joint powers agreements.

**A. *Central Coast Water Authority***

The Central Coast Water Authority (CCWA) is a joint powers authority organized in 1991 for the purpose of providing the financing, construction, operation and maintenance of certain local (non-state owned) facilities required to deliver water from the State Water Project to certain water purveyors and users in Santa Barbara County. CCWA is composed of eight members, all of which are public agencies. The Board of Directors is made up of one representative from each participating entity. Votes on the Board are apportioned between the entities based upon each entity's pro-rata share of the water provided by the project.

Each participant is required to pay to CCWA an amount equal to its share of the total cost of "fixed project costs" and certain other costs in the proportion established in the Water Supply Agreement. This includes the participant's share of payments to the State Department of Water Resources (DWR) under the State Water Supply Contract (including capital, operation, maintenance, power and replacement costs of the DWR facilities), debt service on CCWA bonds and all CCWA operating and administrative costs. Each participant is required to make payments under its Water Supply Agreement solely from the revenues of its water system. The City's share of State water payments was \$763,833 for the year ended June 30, 2021. The City's allocation of CCWA's operating expenses for the year ended June 30, 2021 was \$137,696.

Additional information and complete financial statements for the CCWA may be obtained by contacting The Central Coast Water Authority at 255 Industrial Way, Buellton, CA 93427.

**B. *California Joint Powers Insurance Authority***

The City is a member of the California Joint Powers Insurance Authority (CJPIA). CJPIA is composed of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of CJPIA is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The CJPIA's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

*Self-Insurance Program of CJPIA:*

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

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

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**8. JOINT EXERCISE OF POWERS AGREEMENT, Continued**

***B. California Joint Powers Insurance Authority, Continued***

Primary Liability Program:

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/coverage/risk-sharing-pools/>.

Primary Workers' Compensation Program:

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For fiscal year 2020-21, CJPIA's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

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

Purchased Insurance under CJPIA:

Property Insurance: The City participates in the all-risk property protection program of CJPIA. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to CJPIA. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

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

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**8. JOINT EXERCISE OF POWERS AGREEMENT, Continued**

***B. California Joint Powers Insurance Authority, Continued***

*Adequacy of Protection under CJPIA:*

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2020-21.

Additional information and complete financial statements for the CJPIA may be obtained by contacting the California Joint Powers Insurance Authority at 8081 Moody Street, La Palma, CA 90623

**9. EMPLOYEE RETIREMENT PLANS**

***A. Plan Descriptions***

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

***B. 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, Safety Special Death Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.



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

**9. EMPLOYEE RETIREMENT PLANS, Continued**

**B. Benefits Provided**

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

	Miscellaneous	Safety	PEPRA Miscellaneous	PEPRA Safety
	Prior to Jan 1, 2013	Prior to Jan 1, 2013	On or after Jan 1, 2013	On or after Jan 1, 2013
Hire date	Jan 1, 2013	Jan 1, 2013	Jan 1, 2013	Jan 1, 2013
Benefit formula	2.0% @55	2.0% @55	2.0% @62	2.0% @57
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	55	62	57
Monthly benefits, as a % of eligible compensation	2%	2%	2%	2%
Required employee contribution rates	7.000%	7.000%	6.750%	10.000%
Required employer contribution rates	11.031%	14.800%	7.732%	11.114%
Unfunded liability payment	\$ 144,384	\$ 93,200	\$ 1,652	\$ 3,503

**C. Contributions**

Section 20814(C) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with 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.

The City's contributions to the Plan for the measurement period ended June 30, 2020 were \$457,869.

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

As of June 30, 2021, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$3,782,088.

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

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

**9. EMPLOYEE RETIREMENT PLANS, Continued**

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

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

Proportion - June 30, 2019	0.03306%
Proportion - June 30, 2020	<u>0.03476%</u>
Change - Increase (Decrease)	0.00170%

For the year ended June 30, 2021, the City recognized pension expense of \$781,266.

At June 30, 2021, 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
	<u>                    </u>	<u>                    </u>
Pension contributions subsequent to measurement date	\$ 560,980	\$ -
Changes in assumptions	-	20,837
Differences between expected and actual experience	236,906	-
Changes in employer's proportion	219,787	-
Differences between the employer's contribution and the employer's proportionate share of contributions	-	186,086
Net differences between projected and actual earnings on plan investments	<u>99,480</u>	<u>-</u>
Total	<u>\$ 1,117,153</u>	<u>\$ 206,923</u>

\$560,980 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	Pension Expense
<u>                    </u>	<u>                    </u>
2022	\$ 82,702
2023	122,272
2024	95,810
2025	48,466

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

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**9. EMPLOYEE RETIREMENT PLANS, Continued**

*E. Actuarial Assumptions*

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal in accordance with the requirements of GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by entry age and service
Mortality(1)	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies

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

*F. Discount Rate*

The discount rate used to measure the total pension liability for the Plan 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. A detailed report testing these projections can be obtained from the CalPERS website.

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

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

**City of Guadalupe**  
**Notes to Basic Financial Statements**  
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**9. EMPLOYEE RETIREMENT PLANS, Continued**

**F. Discount Rate, Continued**

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

Asset Class(1)	Assumed asset allocation	Real return years 1 - 10(2)	Real return years 11+(3)
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	—	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	—	-0.92%
Total	100.00%		

- (1) In the Sytem's CAFR, Fixed income is included in Global debt securities;  
 Liquidity is included in Short-term investments;  
 Inflation assets are included in both Global equity securities and Global debt securities
- (2) An expected inflation of 2.00% used for this period.
- (3) 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:

1% Decrease	6.15%
Net Pension Liability	\$ 5,923,735
Current Discount Rate	7.15%
Net Pension Liability	\$ 3,782,088
1% Increase	8.15%
Net Pension Liability	\$ 2,017,951

**G. Payable to the Pension Plan**

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

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

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**9. EMPLOYEE RETIREMENT PLANS, Continued**

*H. Deferred Compensation Plan*

In addition to the CalPERS pension plan, the City also offers a deferred compensation 457 plan (457 Plan). Per GASB Statement 97, the 457 Plan is a defined contribution pension plan. It is held in trust at Empower Retirement or CalPERS which administer the 457 Plan. Participation in the plan is open to all employees and employees can chose between the two trust administrators. The City contributes a maximum amount, as shown in the table below, that depends on health insurance costs on an individual employee basis. The difference between the maximum and the actual health insurance costs for an employee is contributed to the 457 Plan. Employees who have health insurance coverage external to the City’s policies have the maximum amount contributed to the 457 Plan. The maximums for each bargaining unit are as follows:

Bargining Unit	Calendar Year	
	2020	2021
Service Employee's International Union	\$ 650	\$ 700
Police Officer's Assoc.	975	975
International Assoc. of Fire Fighters	500	500

For the fiscal year ended June 30, 2021, the City contributed \$50,380 to the 457 Plan and had payables to the 457 Plan of \$7,089 as of June 30, 2021 of which \$2,786 were City contributions, and \$4,303 were employee contributions.

**10. OTHER POST EMPLOYMENT BENEFITS**

*A. Plan Description*

The City’s other post-employment benefits (OPEB) plan, an agent multiple-employer defined benefit plan, is for retiree health benefits and is administrated by the California Public Employees Retirement System (PERS) Health Benefit Program. The City entered the PERS medical insurance program in 1990 under the Public Employees Medical and Hospital Care Act (PEMHCA). The required employer contribution was \$139-143 per month for each retiree, spouse or surviving spouse, and dependent during the fiscal year. The City provides post-employment health care insurance to all employees who retire from the City on or after attaining age 50 with at least 5 years of PERS credited service. For employees first covered under PERS on or after January 1, 2013, the eligibility requirements are attaining age 52 and 5 years of PERS credited service. Benefits are paid for the lifetime of the retiree, spouse or surviving spouse, and dependents up to the age of 65. The City's OPEB Plan does not issue a publicly available financial report.

*B. Employees Covered*

The following current and former employees were covered by the benefit terms under the OPEB plan as of the July 1, 2020 actuarial valuation:

Active Employees	38
Inactive employees or beneficiaries currently receiving benefits	3
	41

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

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**10. OTHER POST EMPLOYMENT BENEFITS, Continued**

**C. Contributions**

The City currently finances benefits on a pay-as-you-go basis, and sets its maximum monthly contribution rates for health insurance on behalf of active employees according to the PEMHCA statutory minimum. The minimum was \$139 per month for calendar year 2020 and \$143 per month for calendar year 2021. This amount is indexed to the rate of medical inflation and increased each year accordingly. The City also pays a 0.32% of premiums as an administrative fee on behalf of employees and retirees. For the measurement period July 1, 2020 to June 30, 2021, the City contributed \$5,219 in benefit payments for retirees.

**D. Total OPEB Liability**

The City's total OPEB liability was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020. Standard actuarial update procedures were used to project/discount from the valuation to measurement dates. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age, Level Percent of Pay
Discount Rate	1.92%
Salary increases	3.00%
Inflation Rate	2.75%
Healthcare cost trend rate	4.5% for 2021-2023, 5.2% for 2024-2069, and 4.0% for 2070 and later years; Medicare ages: 3.5% for all years

Pre-retirement mortality rates were based on the 2015 CalPERS Experience Study

Post-retirement mortality rates were based on the 2015 CalPERS Experience Study

Actuarial assumptions used in the July 1, 2020 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2020.

The discount rate used to measure the total OPEB liability was 1.92%, which reflects the municipal bond 20-year high grade index rate, and assumes the net fiduciary position of the plan remains at \$0.

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

**10. OTHER POST EMPLOYMENT BENEFITS, Continued**

**E. Changes in the Total OPEB Liability**

	Increase (Decrease)
	<u>Total OPEB Liability</u>
<b>Balance at June 30, 2020</b>	
(Measurement date 06/30/2020)	\$ 470,748
<b>Changes in the year:</b>	
Service cost	53,279
Interest	10,733
Changes of benefit terms	-
Difference between expected and actual experience	(103,422)
Changes of assumptions	68,700
Benefit payments	(5,219)
<b>Net changes</b>	<u>24,071</u>
<b>Balance at June 30, 2021</b>	
(Measurement date 06/30/2021)	<u>\$ 494,819</u>

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.92 percent) or 1-percentage point higher (2.92 percent) than the current discount rate:

	1% Decrease 0.92%	Discount Rate 1.92%	1% Increase 2.92%
Total OPEB Liability (Asset)	\$ 606,968	\$ 494,819	\$ 408,208

**G. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rate:

	1% Decrease (a)	Trend Rate	1% Increase (b)
Total OPEB Liability (Asset)	\$ 393,441	\$ 494,819	\$ 631,557

(a) 3.50 percent for 2021-2023, 4.20 percent for 2024-2069, and 3.00 percent for 2070 and later years; Medicare ages: 2.50 percent for all years.

(b) 5.50 percent for 2021-2023, 6.20 percent for 2024-2069, and 5.00 percent for 2070 and later years; Medicare ages: 4.50 percent for all years.

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

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**10. OTHER POST EMPLOYMENT BENEFITS, Continued**

**H. OPEB Expense and Deferred Outflows and Inflows of Resources**

At June 30, 2021, the City's deferred outflows of resources and deferred inflows of resources to OPEB from the following sources were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 48,069	\$ 92,869
Changes in assumptions or other inputs	123,238	-
Differences between projected and actual return on investments	-	-
	<u>\$ 171,307</u>	<u>\$ 92,869</u>

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

Fiscal Year ending June 30,	OPEB Expense
2022	\$ 14,304
2023	14,304
2024	14,304
2025	14,304
2026	14,304
2027-2030	6,918

For the fiscal year ended June 30, 2021, the City recognized OPEB expense of \$78,316.

**11. CONTINGENCIES AND COMMITMENTS**

**A. Litigation**

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

**B. Grant Commitments**

The City had received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.



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

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**12. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDVELOPMENT AGENCY**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (the "Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Guadalupe that previously had reported the City's Redevelopment Agency within the reporting entity as a blended component unit.

The Bill provided that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 9, 2012, the City Council elected to become the Successor Agency for the former Redevelopment agency in accordance with the Bill as part of City Resolution No. 2 (2012).

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California were prohibited from entering into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets could only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure of encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency of the Bill.

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

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency were transferred to and are reported in a fiduciary fund (private-purpose trust fund, the Trust Fund) in the financial statements of the City.

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

**12. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDVELOPMENT AGENCY,  
Continued**

**A. Cash and Investments**

The City maintained investments with the State of California Local Agency Investment Fund (LAIF) for all City activities, including the Trust Fund. The Trust had \$1,033,508 in cash and investments as of June 30, 2021, that was held in LAIF. The City manages the Trust Fund's cash and investments in a consistent manner with the rest of its cash and investment pool. Refer to Note 2 for additional information regarding LAIF.

**B. Cash with Fiscal Agent**

The Trust Fund had \$306,536 in cash and investments as of June 30, 2021, held by fiscal agents pledged for the payment or security of certain bonds. The California Government code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, certificates, or leases, may be invested in accordance with the ordinance, resolutions, or indentures specifying the types of investments its fiscal agents may make. These ordinances, resolutions, and indentures are generally more restrictive than the Trust's general investment policy. In no instance have additional types of investments, not permitted by the Trust's general investment policy, been authorized.

**C. Property Held for Resale**

At June 30, 2021, the carrying value of property held for resale was as follows:

West side of Obispo Street	\$	105,507
Next door to Royal Theatre		75,308
Royal Theatre		41,667
Total	\$	<u>222,482</u>

**D. Capital Assets**

For the year ended June 30, 2021, capital assets activity was as follows:

	Balance June 30, 2020	Transfers/ Additions	Retirements	Balance June 30, 2021
Capital assets being depreciated				
Infrastructure	\$ 201,197	\$ -	\$ -	\$ 201,197
Structures and improvements	83,333	-	-	83,333
Less accumulated depreciation	<u>(145,091)</u>	<u>(9,900)</u>	<u>-</u>	<u>(154,991)</u>
Net capital assets	<u>\$ 163,360</u>	<u>\$ (9,900)</u>	<u>\$ -</u>	<u>\$ 129,539</u>

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

**12. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDVELOPMENT AGENCY, Continued**

**E. Long-Term Liabilities**

For the year ended June 30, 2021, long-term liabilities activity was as follows:

	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021	Due within One Year
Note payable	\$ 1,195	\$ -	\$ (1,195)	\$ -	\$ -
2017 Tax allocation bonds	4,425,000	-	(220,000)	4,205,000	225,000
Discount on 2017 bonds	(87,969)	-	5,498	(82,471)	-
Total	<u>\$ 4,810,896</u>	<u>\$ -</u>	<u>\$ (215,697)</u>	<u>\$ 4,122,529</u>	<u>\$ 225,000</u>

**Note Payable**

The Trust Fund had a note payable to a private party related to the purchase of property currently held for resale. Principal and interest payments on the note payable are due on the 16th of each month and the note matures in 2021. Interest accrues at 9.0% per annum. At June 30, 2021, the principal balance outstanding was \$0.

**Tax Allocation Bonds**

On April 3, 2003, the former redevelopment agency issued \$6,455,000 of tax allocation bonds for a refunding of Series 1997 Tax Allocation Bonds. The bonds were scheduled to mature through August 1, 2035, with interest rates from 2.0 to 5.125%.

On November 1, 2017, the Successor Agency to the Guadalupe Community Redevelopment Agency issued \$4,900,000 of tax allocation bonds (Bonds) to refund the 2003 series bonds. The refunding was undertaken to reduce total future debt service payments. The refunding resulted in \$1,326,400 gross debt service (principal and interest) savings over 18 years, an economic gain of \$147,832, and an accounting deferred loss on refunding of \$92,886.

The scheduled payment of principal of and interest on the Bonds when due is guaranteed under an insurance policy issued concurrently with the Bonds. The Bonds mature through August 1, 2035, with interest rates from 1.5% to 3.5%. Principal on the bonds is due annually on August 1 of each year, and interest on the Bonds is due semiannually on February 1 and August 1 of each year. At June 30, 2021, the total principal and interest remaining to be paid on the bonds was \$5,353,023. The outstanding principal balance net of bond discounts was \$4,122,529.

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

**12. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDVELOPMENT AGENCY, Continued**

*E. Long-Term Liabilities, Continued*

For the year ended June 30, 2021, the aggregate maturities of the tax allocation bonds were as follows:

<b>For the Year</b>			
<b>Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 225,000	\$ 131,600	\$ 356,600
2023	230,000	126,194	356,194
2024	240,000	120,019	360,019
2025	245,000	113,044	358,044
2026	250,000	105,619	355,619
2027-2031	1,380,000	404,809	1,784,809
2032-2036	1,635,000	146,738	1,781,738
Subtotal	4,205,000	\$ 1,148,023	\$ 5,353,023
Bond Discount	(82,471)		
	<u>\$ 4,122,529</u>		

**Pollution Remediation**

The Trust owns property designated by the Santa Barbara County Public Health Department as a LUFT (Leaking Underground Fuel Tank) site (#52010). The property is located at 995 Guadalupe Street in Guadalupe, which also is designated as 2424 10<sup>th</sup> Street. This environmental cleanup project has been accepted into the State Water Resources Cleanup of Underground Storage Tanks Fund (USTCF), which approved a total Letter of Commitment (LOC) in the amount of \$1.5 Million. These funds are available for reimbursement of most of the costs associated with assessment and cleanup of the contamination under the site, associated with a former gasoline storage tank leak.

Between the fiscal years 2008 through June 30, 2021, the former Agency:

- 1) Submitted a total of \$1,191,359 to the USTCF for reimbursement
- 2) Received a total of \$1,045,870 thus far, and
- 3) Is waiting for the completion of an evaluation of an additional \$145,444 for reimbursement by the USTCF. This amount is comprised of -
  - a. \$113,689, in labor and costs from the environmental consulting firm for all work conducted during the 2020-21 FY, and
  - b. \$31,755 in appeals for prior costs that were previously submitted to, but initially deemed ineligible by, the USTCF.

During the 2020-21 fiscal year the environmental consulting firm primarily continued the required site closure activities that were approved for the site as of September 2020. Physical site closure activities were completed in October 2021. Final reporting requirements were completed and a report was submitted to the regulatory agencies as of October 31, 2021. The City currently anticipates that the County will provide the City with a final closure letter sometime in March of 2022. Based on this, the City anticipates that final billings and reimbursement requests can be sent to the State by early April 2022.

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

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**12. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDVELOPMENT AGENCY, Continued**

*E. Long-Term Liabilities, Continued*

Estimated future costs through June 30, 2022 (for the 2021-22 fiscal year) are anticipated to be approximately \$66,000, and should represent the final cleanup costs for the site through obtaining final closure. Based on current expenditures and estimated future costs discussed above, the total current estimated (reimbursable) costs for cleanup activities are approximately \$1,200,000-\$1,300,000, which is below the \$1.5 Million budget allotted this site by the State.

**13. OPERATING LEASES**

The City leases equipment under operating leases with lease terms in excess of one year. The agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors but it is unlikely that the City will cancel the agreements prior to the expiration date. Rent expense under operating leases was \$11,661 for the year ended June 30, 2021.

At June 30, 2021, future minimum lease payments under these operating leases were as follows:

For the Year Ending June 30,	Payment
2022	\$ 7,577
2023	6,100
2024	6,100
Total	<u>\$ 19,777</u>

**14. DEFICIT FUND BALANCES/NET POSITION**

*Major Funds*

As of June 30, 2021, a deficit fund balance of \$862,403 exists for the Community Development Fund. This was a result of timing differences between invoices paid by the Community Development Fund and the related grant reimbursements received from the State.

*Non-major Funds*

The Library Fund had a deficit fund balance of \$33,864 as of June 30, 2021.

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

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**15. GOING CONCERN**

The City continues to have more expenditures than revenues in its General Fund. In order to continue operations, in prior years the General Fund borrowed from other funds. These borrowings still need to be repaid. There are doubts about the General Fund's ability to continue to repay these interfund loans in their entirety if economic activity declines. Below is how management intends to address those issues:

The City is experiencing an increase in development related to the Pasadera residential development and other developments that are about to commence like the Escalante Meadows development. This new development will bring higher property tax revenue for the City. In addition, the new Measure N was passed in November 2020 which has brought additional sales tax revenue for the City in fiscal year 2022. Cannabis ordinances have also been approved for future cannabis retail in the City. Unfortunately, the City did see an impact in its fund balance related to the COVID pandemic. Fortunately, the City will be receiving the American Rescue Plan funds to offset revenue losses related to the Pandemic in fiscal year 2022. The General Fund's priority is to eliminate future borrowing from other funds, payoff current inter-fund loans and be economically self-sufficient by applying cost-cutting measures in order to continue to build reserves. Inter-fund loan payment schedules will be reviewed annually and, if possible, revised in an effort to decrease balances at a faster rate.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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

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**1. BUDGETS AND BUDGETARY ACCOUNTING**

**A. Budgetary Control and Budgetary Accounting**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. After adoption of the final budget, transfers of appropriations within a General Fund department, or within other funds, can be made by the City Administrator. Budget modifications between funds and increases or decreases to a fund’s overall budget, must be approved by the City Council.

Budgetary control is enhanced by integrating the budget into the general ledger accounts. Encumbrance accounting is employed (e.g., purchase orders) to avoid expenditures over budget. Encumbrances outstanding at fiscal year-end are automatically re-budgeted in the following fiscal year.

The following are the budget comparison schedules for all major Special Revenue Governmental Funds and the General Fund.

**B. Excess of Expenditures over Appropriations**

At June 30, 2021, expenditures exceeded appropriations in the General Fund as noted below.

<u>Department</u>	<u>Budget Variance</u>
City Attorney	2,065
Police	177,790
Fire	227,193
Public Safety Subtotal	<u>404,983</u>
Parks & Recreation	23,787
Building Maintenance	19,612
Building and Safety; Permits; Planning	37,383
Community Development Subtotal	<u>56,995</u>

**City of Guadalupe**  
**Budgetary Comparison Schedule - General Fund**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 2,376,090	\$ 2,724,600	\$ 3,042,483	\$ 317,883
Licenses and permits	740,418	940,830	578,659	(362,171)
Fines and penalties	29,274	12,900	6,246	(6,654)
Revenues from other agencies	491,764	586,064	642,707	56,643
Charges for current services	292,638	292,408	291,114	(1,294)
Interest	108,630	129,530	118,220	(11,310)
Other revenues	181,560	155,060	135,436	(19,624)
<b>Total revenues</b>	<b>4,220,374</b>	<b>4,841,392</b>	<b>4,814,865</b>	<b>(26,527)</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	1,118,598	1,269,019	1,232,529	36,490
Public Safety	2,934,437	3,176,198	3,581,181	(404,983)
Leisure, cultural and social services	156,858	176,082	199,869	(23,787)
Community development	385,117	365,922	422,917	(56,995)
Debt service:				
Principal	113,224	113,524	3,562	109,962
Interest and fiscal charges	19,055	19,055	9,742	9,313
<b>Total expenditures</b>	<b>4,727,289</b>	<b>5,119,800</b>	<b>5,449,800</b>	<b>(330,000)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(506,915)</b>	<b>(278,408)</b>	<b>(634,935)</b>	<b>(356,527)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	636,072	657,212	687,292	30,080
Transfers out	(51,200)	(240,980)	(167,623)	73,357
<b>Total other financing sources (uses)</b>	<b>584,872</b>	<b>416,232</b>	<b>519,669</b>	<b>103,437</b>
<b>Net change in fund balances</b>	<b>77,957</b>	<b>137,824</b>	<b>(115,266)</b>	<b>(253,090)</b>
<b>FUND BALANCES:</b>				
Beginning of year	485,622	485,622	485,622	-
End of year	<u>\$ 563,579</u>	<u>\$ 623,446</u>	<u>\$ 370,356</u>	<u>\$ (253,090)</u>

**City of Guadalupe**  
**Budgetary Comparison Schedule - Community Development**  
**For the year ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Revenues from other agencies	\$ 3,500,000	\$ 4,200,000	\$ 2,261,162	\$ (1,938,838)
Interest	-	3,050	1,890	(1,160)
Other revenues	-	-	15,591	15,591
<b>Total revenues</b>	<b>3,500,000</b>	<b>4,203,050</b>	<b>2,278,643</b>	<b>(1,924,407)</b>
<b>EXPENDITURES:</b>				
Current:				
Leisure, cultural and social services	2,000	265,000	201,441	63,559
Capital outlay	-	-	26,831	(26,831)
<b>Total expenditures</b>	<b>2,000</b>	<b>265,000</b>	<b>228,272</b>	<b>36,728</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>3,498,000</b>	<b>3,938,050</b>	<b>2,050,371</b>	<b>(1,887,679)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(3,500,000)	(3,880,000)	(2,948,334)	931,666
<b>Total other financing sources (uses)</b>	<b>(3,500,000)</b>	<b>(3,880,000)</b>	<b>(2,948,334)</b>	<b>931,666</b>
<b>Net change in fund balances</b>	<b>(2,000)</b>	<b>58,050</b>	<b>(897,963)</b>	<b>(956,013)</b>
<b>FUND BALANCES:</b>				
Beginning of year	35,560	35,560	35,560	-
End of year	\$ 33,560	\$ 93,610	\$ (862,403)	\$ (956,013)

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

**2. DEFINED BENEFIT PENSION PLANS**

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

Fiscal year	2020	2020	2019	2018	2017	2016	2015
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.03476%	0.03306%	0.03166%	0.03091%	0.02989%	0.02666%	0.0312%
Proportionate share of the net pension liability	\$3,782,088	\$3,387,991	\$3,050,995	\$3,065,323	\$2,586,229	\$1,830,129	\$1,939,137
Covered payroll	\$2,450,043	\$2,025,580	\$2,153,332	\$1,925,534	\$1,572,208	\$1,479,094	\$1,548,925
Proportionate Share of the net pension liability as percentage of covered payroll	154.37%	167.26%	141.69%	159.19%	164.50%	123.73%	125.19%
Plan fiduciary net position as a percentage of the total pension liability	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

Notes to Schedule

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

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

The CalPERS mortality assumptions were adjusted in fiscal year 2019.

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

Fiscal Year	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 560,980	\$ 457,869	\$ 363,003	\$ 329,839	\$ 305,064	\$ 251,172	\$ 211,025
Contribution in relation to the contractually required contributions	(560,980)	(457,869)	(363,003)	(329,839)	(305,064)	(251,172)	(211,025)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$2,926,608	\$2,450,043	\$2,025,580	\$2,153,332	\$1,925,534	\$1,572,208	\$1,479,094
Contributions as a percentage of covered payroll	19.17%	18.69%	17.92%	15.32%	15.84%	15.98%	14.27%

Notes to Schedule

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

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

**C. Actuarial Methods and Assumptions used for Pension Actuarially Determined Contributions**

Fiscal Year	2021	2020	2019	2018	2017	2016	2015
Valuation date (for contractually required contribution):	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Actuarial cost method:	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method:	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Assets valuation method:	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation:	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases:	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return:	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age:	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Mortality:	(4)	(4)	(4)	(4)	(4)	(4)	(4)

<sup>(1)</sup> Level percentage of payroll, closed

<sup>(2)</sup> Depending on age, service, and type of employment

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

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

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

**Schedule of Changes in Total OPEB Liability and Related Ratios**

Measurement Period	2021	2020	2019	2018 <sup>1</sup>
<b>Total OPEB Liability</b>				
Service Cost	\$ 53,279	\$ 25,383	\$ 22,620	\$ 22,060
Interest	10,733	12,751	11,639	11,646
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(103,422)	-	72,513	-
Changes of assumptions	68,700	53,099	31,372	-
Benefit payments	(5,219)	(4,950)	(4,842)	(206,667)
Net change in total OPEB liability	24,071	86,283	133,302	(172,961)
Total OPEB liability – beginning (a)	470,748	384,465	251,163	424,124
Total OPEB liability – ending (b)	<u>\$ 494,819</u>	<u>\$ 470,748</u>	<u>\$ 384,465</u>	<u>\$ 251,163</u>
Covered-employee payroll	\$ 3,522,312	\$ 2,846,031	\$ 2,525,683	\$ 2,267,277
Total OPEB liability as a percentage of covered-employee payroll	14.0%	16.5%	15.2%	11.1%

<sup>1</sup>Amount includes implicit subsidy associated with benefits paid for this year.

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# SUPPLEMENTARY INFORMATION

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**City of Guadalupe**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**June 30, 2021**

	Special Revenue				
	Local Transportation	Library	Public Facilities	Park Development	Guadalupe Lighting and Assessment
<b>ASSETS</b>					
Cash and investments	\$ 334,149	\$ 34,444	\$ 15,778	\$ 25,511	\$ 728,438
Accounts receivable	14,835	25	11	18	517
Prepaid items	-	-	-	-	1,875
Interfund loans receivable	-	-	-	744,736	240,000
<b>Total assets</b>	<b>\$ 348,984</b>	<b>\$ 34,469</b>	<b>\$ 15,789</b>	<b>\$ 770,265</b>	<b>\$ 970,830</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	-	-	-	-	18,331
Accrued wages and benefits	-	-	-	-	-
Interfund loans payable	-	68,333	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>68,333</b>	<b>-</b>	<b>-</b>	<b>18,331</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable:					
Prepaid items	-	-	-	-	1,875
Restricted for:					
Street maintenance	348,984	-	-	-	-
Other capital projects	-	-	-	-	-
Community development	-	-	-	-	-
Public safety	-	-	-	-	-
Utility infrastructure	-	-	15,789	770,265	-
Debt service	-	-	-	-	-
Lighting and landscape	-	-	-	-	950,624
Committed to:					
Capital projects	-	-	-	-	-
Unassigned	-	(33,864)	-	-	-
<b>Total fund balances</b>	<b>348,984</b>	<b>(33,864)</b>	<b>15,789</b>	<b>770,265</b>	<b>952,499</b>
<b>Total liabilities and fund balances</b>	<b>\$ 348,984</b>	<b>\$ 34,469</b>	<b>\$ 15,789</b>	<b>\$ 770,265</b>	<b>\$ 970,830</b>



Special Revenue			Capital Projects				Total Other
Public Safety	Measure A	Gas Tax	Capital Facilities	City Hall	Traffic Mitigation	Sewer Bond Debt Service	Governmental Funds
\$ 182,917	\$ 950,218	\$ 494,336	\$ 648,613	\$ 29,513	\$ 141,764	\$ 31,980	3,617,661
6,386	115,224	387	468	21	102	23	138,017
-	15,596	-	-	-	-	-	17,471
-	-	-	68,333	-	-	-	1,053,069
<u>\$ 189,303</u>	<u>\$ 1,081,038</u>	<u>\$ 494,723</u>	<u>\$ 717,414</u>	<u>\$ 29,534</u>	<u>\$ 141,866</u>	<u>\$ 32,003</u>	<u>\$ 4,826,218</u>
-	2,483	-	-	-	-	-	20,814
-	7,570	-	-	-	-	-	7,570
-	11,766	6,061	-	-	-	-	86,160
-	21,819	6,061	-	-	-	-	114,544
3,804	57,462	-	-	-	-	-	61,266
3,804	57,462	-	-	-	-	-	61,266
-	15,596	-	-	-	-	-	17,471
-	986,161	488,662	-	-	-	-	1,823,807
-	-	-	717,414	29,534	-	-	746,948
-	-	-	-	-	-	-	-
185,499	-	-	-	-	-	-	185,499
-	-	-	-	-	-	-	786,054
-	-	-	-	-	-	32,003	32,003
-	-	-	-	-	-	-	950,624
-	-	-	-	-	141,866	-	141,866
-	-	-	-	-	-	-	(33,864)
185,499	1,001,757	488,662	717,414	29,534	141,866	32,003	4,650,408
<u>\$ 189,303</u>	<u>\$ 1,081,038</u>	<u>\$ 494,723</u>	<u>\$ 717,414</u>	<u>\$ 29,534</u>	<u>\$ 141,866</u>	<u>\$ 32,003</u>	<u>\$ 4,826,218</u>

**City of Guadalupe**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Governmental Funds**  
**For the year ended June 30, 2021**

	Special Revenue				
	Local Transportation	Library	Public Facilities	Park Development	Guadalupe Lighting and Assessment
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 265,861
Licenses and permits	-	13,600	-	-	-
Revenues from other agencies	154,749	-	-	-	-
Charges for current services	-	-	-	4,256	-
Interest	1,563	170	84	129	6,940
Other revenues	-	-	-	-	-
<b>Total revenues</b>	<b>156,312</b>	<b>13,770</b>	<b>84</b>	<b>4,385</b>	<b>272,801</b>
<b>EXPENDITURES:</b>					
Current:					
Public Safety	-	-	-	-	-
Transportation	-	-	-	-	-
Leisure, cultural and social services	-	14,000	-	-	-
Community development	-	-	-	-	81,537
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>14,000</b>	<b>-</b>	<b>-</b>	<b>81,537</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>156,312</b>	<b>(230)</b>	<b>84</b>	<b>4,385</b>	<b>191,264</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from sale of assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(109,371)	-	-	-	(10,300)
<b>Total other financing sources (uses)</b>	<b>(109,371)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,300)</b>
<b>Net change in fund balances</b>	<b>46,941</b>	<b>(230)</b>	<b>84</b>	<b>4,385</b>	<b>180,964</b>
<b>FUND BALANCES:</b>					
Beginning of year	302,043	(33,634)	15,705	765,880	771,535
End of year	\$ 348,984	\$ (33,864)	\$ 15,789	\$ 770,265	\$ 952,499

Special Revenue			Capital Projects				Total Other
Public Safety	Measure A	Gas Tax	Capital Facilities	City Hall	Traffic Mitigation	Sewer Bond Debt Service	Governmental Funds
\$ -	\$ 559,062	\$ 178,320	\$ -	\$ -	\$ -	\$ -	\$ 1,003,243
-	-	-	-	5,440	21,283	-	40,323
37,720	-	108,678	-	-	-	-	301,147
-	-	-	-	-	-	-	4,256
938	4,146	2,149	3,832	143	698	170	20,962
-	40,814	-	3,500	-	-	-	44,314
38,658	604,022	289,147	7,332	5,583	21,981	170	1,414,245
16,749	-	-	-	-	-	-	16,749
-	279,538	3,000	-	-	-	-	282,538
-	-	-	5,480	-	-	-	19,480
-	-	-	518	-	-	-	82,055
2,076	-	-	124,359	-	-	-	126,435
-	-	12,840	-	-	-	-	12,840
18,825	279,538	15,840	130,357	-	-	-	540,097
19,833	324,484	273,307	(123,025)	5,583	21,981	170	874,148
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(118,336)	(82,208)	(1,060)	-	-	-	(321,275)
-	(118,336)	(82,208)	(1,060)	-	-	-	(321,275)
19,833	206,148	191,099	(124,085)	5,583	21,981	170	552,873
165,666	795,609	297,563	841,499	23,951	119,885	31,833	4,097,535
\$ 185,499	\$ 1,001,757	\$ 488,662	\$ 717,414	\$ 29,534	\$ 141,866	\$ 32,003	\$ 4,650,408