

City of Adelanto

Adelanto, California

Annual Financial Report

For the Year Ended June 30, 2020

Prepared by
Finance Department



City of Adelanto
Annual Financial Report
For the Year Ended June 30, 2020
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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' 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. 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, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 84

As discussed in Note 1 to the financial statements, the City implemented GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation, the City converted the former agency funds, which previously reported assets and liabilities only, to custodial funds and reported a restatement of its net position in the amount of \$2,507,438. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Budgetary Comparison Schedule, the Schedules of Proportionate Share of the Net Pension Liability/(Asset), the Schedules of Contributions – Pension Plans, and the Schedule of Changes in Net OPEB Liability and Related Ratios, as identified in the accompanying table of contents be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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.

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

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 and Budgetary Comparison Schedules as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

To the Honorable Mayor and Members
of the City Council of the City of Adelanto
Adelanto, California
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The Combining and Individual Nonmajor Fund Financial Statements and Budgetary Comparison Schedules 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 and Budgetary Comparison Schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

The PwC Group, LLP

Santa Ana, California
October 18, 2022

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Adelanto
Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 13,879,917	\$ 13,966,241	\$ 27,846,158
Accounts receivable, net	854,699	2,849,596	3,704,295
Interest receivable	42,504	43,174	85,678
Intergovernmental receivable	2,034,544	-	2,034,544
Prepaid items	-	1,497,193	1,497,193
Internal balances	(92,082)	92,082	-
Deposits	579,178	-	579,178
Total current assets	17,298,760	18,448,286	35,747,046
Noncurrent assets:			
Cash and investments with fiscal agent	242,682	12,541,142	12,783,824
Advances to Fiduciary Funds	2,915,695	-	2,915,695
Successor agency loan receivable	-	11,386,672	11,386,672
Capital assets:			
Nondepreciable	16,986,300	8,151,537	25,137,837
Depreciable, net	55,713,617	51,609,443	107,323,060
Total capital assets	72,699,917	59,760,980	132,460,897
Total noncurrent assets	75,858,294	83,688,794	159,547,088
Total assets	93,157,054	102,137,080	195,294,134
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related deferred outflows	574,292	35,833	610,125
OPEB-related deferred outflows	199,232	-	199,232
Deferred loss on refunding	-	9,493,807	9,493,807
Total deferred outflows of resources	773,524	9,529,640	10,303,164

City of Adelanto
Statement of Net Position (Continued)
June 30, 2020

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	1,045,862	490,088	1,535,950
Accrued liabilities	73,201	9,200	82,401
Interest payable	-	1,684,144	1,684,144
Deposits payable	675,977	1,132,552	1,808,529
Litigation liability	933,334	333,334	1,266,668
Compensated absences - due within one year	127,855	14,650	142,505
Claims payable - due within one year	99,079	-	99,079
Long-term debt - due within one year	-	3,030,000	3,030,000
Total current liabilities	2,955,308	6,693,968	9,649,276
Noncurrent liabilities:			
Compensated absences - due in more than one year	41,796	10,227	52,023
Claims payable - due in more than one year	214,489	-	214,489
Long-term debt - due in more than one year	140,000	78,016,220	78,156,220
Aggregate net pension liability	265,202	8,900	274,102
Net OPEB liability	3,708,366	-	3,708,366
Total noncurrent liabilities	4,369,853	78,035,347	82,405,200
Total liabilities	7,325,161	84,729,315	92,054,476
DEFERRED INFLOWS OF RESOURCES			
Pension-related deferred inflows	342,358	21,545	363,903
Total deferred inflows of resources	342,358	21,545	363,903
NET POSITION			
Net investment in capital assets	72,839,917	(3,521,010)	69,318,907
Restricted for:			
Development	7,763,647	-	7,763,647
Streets and roads	6,649,755	-	6,649,755
Community development	657,275	-	657,275
Other purposes	1,759,096	56,684	1,815,780
Total restricted	16,829,773	56,684	16,886,457
Unrestricted	(3,406,631)	30,380,186	26,973,555
Total net position	\$ 86,263,059	\$ 26,915,860	\$ 113,178,919

City of Adelanto
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,917,008	\$ 1,198,607	\$ -	\$ -
Public safety	13,071,144	243,299	570,205	17,364
Public works	6,820,821	2,125,052	2,494,374	949,463
Community development	1,032,752	212,654	8,498	-
Parks and recreation	655,906	90,306	16,953	182,070
Interest and fiscal charges	7,096	-	-	-
Total governmental activities	26,504,727	3,869,918	3,090,030	1,148,897
Business-type Activities:				
Public Utility Authority	12,586,303	16,462,446	-	-
Adelanto Community Benefit Corporation	55,462	79,970	-	-
Total business-type activities	12,641,765	16,542,416	-	-
Total primary government	\$ 39,146,492	\$ 20,412,334	\$ 3,090,030	\$ 1,148,897

City of Adelanto
Statement of Activities (Continued)
For the Year Ended June 30, 2020

Functions/Programs	Net (Expenses) Revenues and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental Activities:			
General government	\$ (3,718,401)	\$ -	\$ (3,718,401)
Public safety	(12,240,276)	-	(12,240,276)
Public works	(1,251,932)	-	(1,251,932)
Community development	(811,600)	-	(811,600)
Parks and recreation	(366,577)	-	(366,577)
Interest and fiscal charges	(7,096)	-	(7,096)
Total governmental activities	(18,395,882)	-	(18,395,882)
Business-type Activities:			
Public Utility Authority	-	3,876,143	3,876,143
Adelanto Community Benefit Corporation	-	24,508	24,508
Total business-type activities	-	3,900,651	3,900,651
Total primary government	(18,395,882)	3,900,651	(14,495,231)
General revenues and transfers:			
General revenues:			
Taxes:			
Sales taxes	1,848,983	-	1,848,983
Property taxes	295,533	-	295,533
Franchise taxes	1,776,376	-	1,776,376
Real property transfer tax	101,787	-	101,787
Transient occupancy taxes	18,821	-	18,821
Measure R taxes	1,236,925	-	1,236,925
Total taxes	5,278,425	-	5,278,425
Motor vehicle in lieu - unrestricted	3,011,776	-	3,011,776
Use of money and property	561,589	917,667	1,479,256
Miscellaneous revenue	41,668	-	41,668
Total general revenues	8,893,458	917,667	9,811,125
Changes in net position	(9,502,424)	4,818,318	(4,684,106)
Net position - beginning of year	95,765,484	22,097,543	117,863,027
Net position - end of year	\$ 86,263,060	\$ 26,915,861	\$ 113,178,921

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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City of Adelanto
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 1,222,966	\$ 12,656,951	\$ 13,879,917
Cash and investments with fiscal agents	27,068	215,614	242,682
Accounts receivable, net	57,789	796,910	854,699
Interest receivable	-	42,504	42,504
Intergovernmental receivable	519,620	1,514,924	2,034,544
Due from other funds	957,961	-	957,961
Deposits	579,178	-	579,178
Advances to Fiduciary Funds	2,915,695	-	2,915,695
Advances to other funds	2,557,019	2,075,169	4,632,188
Total assets	\$ 8,837,296	\$ 17,302,072	\$ 26,139,368
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 888,287	\$ 157,575	\$ 1,045,862
Accrued liabilities	73,201	-	73,201
Litigation liability	766,667	-	766,667
Due to other funds	-	957,961	957,961
Deposit payable	675,977	-	675,977
Advances from other funds	4,724,270	-	4,724,270
Total liabilities	7,128,402	1,115,536	8,243,938
Deferred inflows of resources:			
Unavailable revenue - taxes	-	62,980	62,980
Unavailable revenue - developer fees	-	796,910	796,910
Unavailable revenue - intergovernmental	-	1,234,480	1,234,480
Total deferred inflows of resources	-	2,094,370	2,094,370
Fund balances:			
Nonspendable	3,511,565	-	3,511,565
Restricted	-	15,185,333	15,185,333
Unassigned (deficit)	(1,802,671)	(1,093,167)	(2,895,838)
Total fund balances (deficits)	1,708,894	14,092,166	15,801,060
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,837,296	\$ 17,302,072	\$ 26,139,368

City of Adelanto
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2020

Total Fund Balances - Total Governmental Funds	\$ 15,801,060
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in governmental funds. Those assets consist of:

Amount reported in government-wide statement of position:

Nondepreciable assets	\$ 16,986,300	
Depreciable assets	55,713,617	72,699,917

Some of the City's receivables for operating and capital grant reimbursements will be collected after year end, but are not available soon enough to pay for current-period expenditures, and therefore, are reported as unavailable revenues in the governmental funds.

2,094,370

Net pension liabilities and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

Pension related deferred outflows of resources	574,292
Aggregate net pension liabilities	(265,202)
Pension related deferred inflows of resources	(342,358)

Net other postemployment benefits liability and the related deferred outflows of resources and deferred inflows of resources are not due and payable in the current period or not available for current expenditures and are not reported in the governmental fund financial statements:

OPEB related deferred outflows of resources	199,232
Net OPEB liabilities	(3,708,366)

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the Statement of Net Position. Balances at June 30, 2020 are:

Claims payable	(313,568)
Litigation liability	(166,667)
Compensated absences	(169,651)
Note payable	(140,000)

Net position of governmental activities	\$ 86,263,059
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City of Adelanto
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
Taxes	\$ 8,290,201	\$ 1,160,066	\$ 9,450,267
Licenses, permits and fees	2,964,328	-	2,964,328
Fines and forfeitures	154,743	-	154,743
Investment earnings	534,710	174,206	708,916
Charges for services	535,077	-	535,077
Developer fees	-	695,997	695,997
Intergovernmental	67,309	1,941,713	2,009,022
Miscellaneous	41,666	-	41,666
Total revenues	<u>12,588,034</u>	<u>3,971,982</u>	<u>16,560,016</u>
EXPENDITURES:			
Current:			
General government	4,417,821	33,513	4,451,334
Public safety	11,933,019	269,652	12,202,671
Public works	442,368	2,069,209	2,511,577
Community development	696,521	40,583	737,104
Parks and recreation	583,038	345	583,383
Capital outlay	592,848	4,178,004	4,770,852
Debt service:			
Interest and fiscal charges	96	7,000	7,096
Total expenditures	<u>18,665,711</u>	<u>6,598,306</u>	<u>25,264,017</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(6,077,677)</u>	<u>(2,626,324)</u>	<u>(8,704,001)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	1,403,033	5,303,392	6,706,425
Transfers out	(6,706,425)	-	(6,706,425)
Total other financing sources (uses)	<u>(5,303,392)</u>	<u>5,303,392</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	(11,381,069)	2,677,068	(8,704,001)
FUND BALANCES:			
Beginning of year	13,089,963	11,415,098	24,505,061
End of year	<u>\$ 1,708,894</u>	<u>\$ 14,092,166</u>	<u>\$ 15,801,060</u>

City of Adelanto
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, 2020

Net change in fund balances - total governmental funds: \$ (8,704,001)

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

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position the cost of those assets was allocated over their estimated useful lives as depreciation expenses. This is the amount of capital assets recorded in the current period.	4,770,852
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds.	(4,212,924)
Certain accrued revenues such as grants do not provide current financial resources and therefore, are not reported in the governmental funds as revenues. This is the amount of the net change in these accrued revenue amounts during the current period.	442,286
Compensated absences expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	107,307
Governmental funds report activity of long-term liabilities and contingencies as revenues and expenditures, but they are included as increases and reductions on the long-term liabilities and contingent liabilities in the Statement of Net Position.	
Change in claims payable	(21,489)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Pension expense, net of pension contribution made after measurement date in the amount of \$165,231	(246,693)
OPEB expense, net of OPEB contribution made after measurement date in the amount of \$199,232	(1,637,763)

Change in net position of governmental activities \$ (9,502,425)

PROPRIETARY FUND FINANCIAL STATEMENTS

City of Adelanto
Statement of Net Position
Proprietary Funds
June 30, 2020

	Major Fund	Non-Major Fund	
	Public Utility Authority	Adelanto Community Benefit Corporation	Total
ASSETS			
Current assets:			
Cash and investments	\$ 13,910,581	\$ 55,660	\$ 13,966,241
Accounts receivable, net	2,847,743	1,853	2,849,596
Interest receivable	43,174	-	43,174
Prepaid items	1,497,193	-	1,497,193
Total current assets	18,298,691	57,513	18,356,204
Noncurrent assets:			
Cash and investments with fiscal agent	12,541,142	-	12,541,142
Advances to other funds	2,780,312	-	2,780,312
Successor agency loan receivable	11,386,672	-	11,386,672
Capital assets:			
Capital assets, not being depreciated	8,151,537	-	8,151,537
Capital assets, being depreciated, net	51,609,443	-	51,609,443
Total capital assets	59,760,980	-	59,760,980
Total noncurrent assets	86,469,106	-	86,469,106
Total assets	104,767,797	57,513	104,825,310
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related deferred outflows	35,833	-	35,833
Deferred loss on bond refunding	9,493,807	-	9,493,807
Total deferred outflows of resources	9,529,640	-	9,529,640

(Continued)

City of Adelanto
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2020

	Major Fund	Non-Major Fund	
	Public Utility	Adelanto Community	
	Authority	Benefit Corporation	Total
LIABILITIES			
Current liabilities:			
Accounts payable	489,259	829	490,088
Accrued liabilities	9,200	-	9,200
Interest payable	1,684,144	-	1,684,144
Deposits payable	1,132,552	-	1,132,552
Litigation liability	333,334	-	333,334
Compensated absences, due within one year	14,650	-	14,650
Bonds payable, due within one year	3,030,000	-	3,030,000
Total current liabilities	6,693,139	829	6,693,968
Noncurrent liabilities:			
Advances from other funds	2,688,230	-	2,688,230
Compensated absences, due in more than one year	10,227	-	10,227
Bonds payable, due in more than one year	78,016,220	-	78,016,220
Net pension liability	8,900	-	8,900
Total noncurrent liabilities	80,723,577	-	80,723,577
Total liabilities	87,416,716	829	87,417,545
DEFERRED INFLOWS OF RESOURCES			
Pension-related deferred inflows	21,545	-	21,545
Total deferred inflows of resources	21,545	-	21,545
NET POSITION			
Net investment in capital assets	(3,521,010)	-	(3,521,010)
Restricted for community benefits	-	56,684	56,684
Unrestricted (deficit)	30,380,186	-	30,380,186
Total net position	\$ 26,859,176	\$ 56,684	\$ 26,915,860

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City of Adelanto
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Major Fund	Non-Major Fund	
	Public Utility Authority	Adelanto Community Benefit Corporation	Total
OPERATING REVENUES:			
Sales and service charges	\$ 14,876,508	\$ 59,470	\$ 14,935,978
Availability charges	894,345	-	894,345
Connection fees	529,419	-	529,419
Miscellaneous	162,174	20,500	182,674
Total operating revenues	16,462,446	79,970	16,542,416
OPERATING EXPENSES:			
General and administrative	522,426	38,696	561,122
Salaries and benefits	613,168	-	613,168
Contractual services	216,541	-	216,541
Water operations	3,016,733	-	3,016,733
Sewer operations	1,213,770	-	1,213,770
Utilities	1,014,128	-	1,014,128
Community events	-	16,766	16,766
Depreciation	1,611,991	-	1,611,991
Total operating expenses	8,208,757	55,462	8,264,219
OPERATING INCOME	8,253,689	24,508	8,278,197
NONOPERATING REVENUES (EXPENSES):			
Investment earnings	917,202	465	917,667
Amortization, interest and other nonoperating expenses	(4,377,546)	-	(4,377,546)
Total nonoperating revenues (expenses)	(3,460,344)	465	(3,459,879)
CHANGES IN NET POSITION	4,793,345	24,973	4,818,318
NET POSITION:			
Beginning of the year	22,065,832	31,711	22,097,543
End of the year	\$ 26,859,177	\$ 56,684	\$ 26,915,861

City of Adelanto
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Major Fund	Non-Major Fund	
	Public Utility Authority	Adelanto Community Benefit Corporation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers	\$ 15,874,319	\$ 78,117	\$ 15,952,436
Cash paid to suppliers for goods and services	(5,370,042)	(54,633)	(5,424,675)
Cash paid to employees for services	(41,834)	-	(41,834)
Net cash provided by (used in) operating activities	10,462,443	23,484	10,485,927
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Receipts of successor agency loan receivable principal	729,706	-	729,706
Payments on interfund advances and loans	(6,194,738)	-	(6,194,738)
Net cash provided by noncapital financing activities	(5,465,032)	-	(5,465,032)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(843,601)	-	(843,601)
Principal paid on capital debt	(2,270,000)	-	(2,270,000)
Interest paid on capital debt	(4,551,155)	-	(4,551,155)
Net cash used in capital and related financing activities	(7,664,756)	-	(7,664,756)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment earnings	903,260	465	903,725
Net cash provided by investing activities	903,260	465	903,725
Net increase in cash and cash equivalents	(1,764,085)	23,949	(1,740,136)
CASH AND CASH EQUIVALENTS:			
Beginning of year	28,215,808	31,711	28,247,519
End of year	<u>\$ 26,451,723</u>	<u>\$ 55,660</u>	<u>\$ 26,507,383</u>
CASH AND CASH EQUIVALENTS:			
Cash and investment	\$ 13,910,581	\$ 55,660	13,966,241
Cash with fiscal agent	12,541,142	-	12,541,142
Total cash and cash equivalents	<u>\$ 26,451,723</u>	<u>\$ 55,660</u>	<u>\$ 26,507,383</u>

(Continued)

City of Adelanto
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2020

	Major Fund	Non-Major Fund	
	Public Utility	Adelanto Community	
	Authority	Benefit Corporation	Total
RECONCILIATION OF OPERATING			
INCOME (LOSS) TO NET CASH PROVIDED BY			
OPERATING ACTIVITIES:			
Operating income (loss)	\$ 8,253,689	\$ 24,508	8,278,197
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	1,611,991	-	1,611,991
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(453,703)	(1,853)	(455,556)
(Increase) decrease in prepaid items	589,955	-	589,955
(Increase) decrease in deferred outflows of resources related to pension	573,198	-	573,198
Increase (decrease) in accounts payable	14,402	829	15,231
Increase (decrease) in accrued liabilities	9,200	-	9,200
Increase (decrease) in compensated absences	(4,175)	-	(4,175)
Increase (decrease) in deposits payable	(134,424)	-	(134,424)
Increase (decrease) in litigation liability	(1)	-	(1)
Increase (decrease) in net pension liabilities (assets)	15,623	-	15,623
Increase (decrease) in deferred inflows of resources related to pension	(13,312)	-	(13,312)
Total adjustment	2,208,754	(1,024)	2,207,730
Net cash provided by (used in) operating activities	\$ 10,462,443	\$ 23,484	\$ 10,485,927
Schedule of Noncash Capital and Related Financing Activities			
Amortization of deferred loss on refunding	\$ 573,198	\$ -	\$ 573,198
Amortization of bond premiums and discounts	\$ (147,127)	\$ -	\$ (147,127)
Amortization of prepaid bond insurance	\$ 89,955	\$ -	\$ 89,955

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FIDUCIARY FUND FINANCIAL STATEMENTS

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City of Adelanto
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Private-Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and investments	\$ 10,196,855	\$ 1,609,357
Cash and investments with fiscal agents	5,949,552	925,275
Intergovernmental receivable	-	59
Interest receivable	16,376	2,765
Notes receivable	542,355	-
Total assets	16,705,138	2,537,456
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on debt refunding	310,773	-
Total deferred outflows of resources	310,773	-
LIABILITIES		
Current liabilities:		
Accounts payable	342,672	-
Interest payable	819,480	-
Bonds payable - due within one year	1,080,000	-
Loans payable - due within one year	798,939	-
Total current liabilities	3,041,091	-
Noncurrent liabilities:		
Advances from City	2,915,695	-
Bonds payable - due in more than one year	5,798,912	-
Loans payable - due in more than one year	23,837,666	-
Other long-term liabilities	42,814,293	-
Total noncurrent liabilities	75,366,566	-
Total liabilities	78,407,657	-
NET POSITION		
Restricted for:		
Individuals, organizations, and other governments	(61,391,746)	2,537,456
Total Net Position	\$ (61,391,746)	\$ 2,537,456

City of Adelanto
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS:		
Special assessments for other governments	\$ -	\$ 584,188
Property taxes	5,244,491	-
Interest income	226,856	21,067
Total additions	<u>5,471,347</u>	<u>605,255</u>
DEDUCTIONS:		
Administration	83,149	18,719
Project payments	109,846	-
Payments on conduit bonds - principal	-	30,000
Payments on conduit bonds - interest	-	526,518
Interest expense	4,934,114	-
Total deductions	<u>5,127,109</u>	<u>575,237</u>
CHANGE IN NET POSITION	344,238	30,018
NET POSITION (DEFICIT):		
Beginning of year, as restated	(61,735,984)	2,507,438
End of year	<u>\$ (61,391,746)</u>	<u>\$ 2,537,456</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Adelanto
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For the Year Ended June 30, 2020

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City of Adelanto
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City of Adelanto
Notes to the Basic Financial Statements
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

The basic financial statements of the City of Shafter, California (City) have been prepared in conformity with Generally Accepted Accounting Principles of the United States of America (U.S. 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 standards in the United States. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City of Adelanto, California, was incorporated on December 22, 1970, under the laws of the State of California and enjoys all the rights and privileges applicable to a general law city. The City is governed by an elected five member City Council. The City provides a variety of services including general administration, public safety, street maintenance, community development, parks and recreation, and providing water and wastewater services.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body's financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship if it appoints a voting majority of an organization's governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

Blended Component Units

The financial reporting entity consists of the primary government, the City, and its component units. Component units are legally separate entities for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government is accountable and their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Although the following are legally separate from the City, they have been "blended" as though they are part of the City because the component unit's governing body is substantially the same as the City's and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component unit; and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

Adelanto Public Financing Authority

The Adelanto Public Financing Authority was established pursuant to a Joint Powers Agreement dated September 12, 1989, by and between the City of Adelanto and the now dissolved Adelanto Redevelopment Agency in accordance with the provisions of the laws of the State of California. The Authority was created for the purpose of providing financing for public capital improvements for the City and the Agency through the acquisition by the Authority of such public capital improvements and/or the purchase by the Authority of local obligations.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Blended Component Units (Continued)

Adelanto Public Utility Authority

The Adelanto Public Utility Authority was formed by action of the City Council on October 22, 1996. The Utility Authority was formed for the purpose of purchasing and operating the City's wastewater operations. In conjunction with that purchase, the Utility Authority issued bonds to finance the down payment to the City and the construction of a wastewater treatment plant. The Utility Authority also issued a note payable to the City to finance the purchase of the existing wastewater assets. During February of 2000, the Adelanto Public Utility Authority entered into a purchase agreement with the Adelanto Water Authority to purchase the Adelanto Water Authority's water system. The purchase price consisted of amounts sufficient to refund all the outstanding prior water bonds and assumptions of the Adelanto Water Authority's obligations under the original agreement dated January 9, 1996, under which the Water Authority was formed by the City of Adelanto. The Adelanto Public Utility Authority issues separate component unit financial statements. The other component units do not have separately issued financial statements. The financial statements of the component units can be obtained at City Hall.

B. Basis of Accounting and Measurement Focus

Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Government - Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

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 outflows of resources, liabilities, deferred inflows of resources, 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 liability is incurred.

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

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

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government - Wide Financial Statements (Continued)

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities and Changes in Net Position, internal service 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
- Advances to/from other funds
- Transfers in/out

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in Net Position as presented in these statements to the Net Position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except for that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unearned revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unearned revenue is removed from the Balance Sheet and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences.

The City reports the following major Governmental Funds:

General Fund - The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major Proprietary Fund.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents 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 the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following Proprietary Funds:

The *Public Utility Authority Enterprise Fund* is used to account for the operation and maintenance of the wastewater and water system within the City's boundaries.

The *Adelanto Community Benefit Corporation Enterprise Fund* is used to account for the activities of the City's nonprofit public benefit corporation that provides for community activities and coordinates beautification and other community enhancement opportunities.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds represent custodial funds and private purpose trust funds. Both custodial funds and the private purpose trust funds are accounted for on the full accrual basis of accounting.

Fiduciary fund types are accounted for according to the nature of the fund. The City's Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. They are used to account for various assessment districts for which the City acts as an agent for debt service activity, as the City is prohibited from levying additional taxes for these districts. Such funds include Assessment District 1A and Community Facilities District 2006-2 Bond Fund.

The City's private purpose trust fund is a fiduciary fund type used by the City to report assets, liabilities and activities of the Successor Agency to the Redevelopment Agency (Successor Agency) for the City of Adelanto. Its results of operations are presented on the Statement of Changes of Fiduciary Net Position.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Successor Agency of the Redevelopment Agency for the City of Adelanto

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 Adelanto (City) that previously had reported a redevelopment agency within the reporting entity as a blended component unit. The Bill provides 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 10, 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 number 12-001. 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 enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations, or commitments. Subject to the control of a newly established oversight board, remaining assets can only be 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 that State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

C. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

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

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. Market value is used as fair value for those securities for which market quotations are readily available.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents and Investments (Continued)

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool 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 change in interest rates.

For purpose of the statement of cash flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash. The City considers all pooled 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 cash and investments with fiscal agent as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

U.S. GAAP establishes a framework for measuring fair value, and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, which are observable for the assets or liabilities through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

D. Accounts and Interest Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines and other fees. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables.

E. Prepaid Items

Certain payments to vendors applicable to future accounting periods are recorded as prepaid items. Prepaid items do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is shown as nonspendable.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

F. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” or “advances to/from other funds” (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Governmental-Wide Financial Statements as “internal balances.”

G. Restricted Assets

Certain proceeds of the City’s long-term debt, as well as certain resources set aside for its repayment, are classified as restricted assets on the financial statements because they are maintained in separate blank accounts and their use is limited by applicable bond covenants.

In the absence of specific statutory provisions governing the issuance of bonds, certificates, or leases, these bond monies may be invested in accordance with the ordinance; resolutions, and indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions, and indentures are generally more restrictive than the City’s general investment policy. In no instance have additional types of investments been authorized that are not permitted by the City’s general investment policy.

H. Capital Assets

Capital assets, which include land, buildings, improvements, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Gifts or contributions of capital assets are recorded at acquisition value when received. City policy has set the capitalization threshold for reporting capital assets at \$5,000 if they have an expected useful life of 2 years or more. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Assets	Years
Buildings and Improvements	10 to 50
Machinery, Furniture, and Equipment	5 to 30
Vehicles	8 to 10
Infrastructure	15 to 65

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include:

- Street system
- Site amenities such as parking and landscaped areas used by the City in the conduct of its business

Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. These subsystems were not delineated in the Basic Financial Statements. The appropriate operating department maintains information regarding the subsystems.

For all infrastructure systems, the City elected to use the Basic Approach for infrastructure reporting. Estimated historical costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the estimated historical cost.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

Interest accrued during capital assets construction, if any, is capitalized for the Business-type Activities and Proprietary Funds as part of the asset cost.

I. Interest Payable

In the Government-Wide Financial Statements, interest payable of long-term debt is recognized as the liability is incurred for Governmental Fund types and Proprietary Fund types.

In the Fund Financial Statements, Proprietary Fund types recognize the interest payable when the liability is incurred.

J. Unearned Revenues

In the Government-Wide Financial Statements, unearned revenues is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues in the Government-Wide Financial Statements are prepaid charges for services.

In the Fund Financial Statements, unearned revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unearned revenue for transactions for which revenues have not been earned, or for which funds are not available to meet current financial obligations. Typical transactions for which unearned revenue is recorded are grants received but not yet earned interest on interfund advances receivable, long-term assessments and loans receivable.

K. Claims and Judgments

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability has been incurred prior to fiscal year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated.

L. Compensated Absences

The City has compensated absences of regular vacation (for all departments) and sick leave (for selected departments based on contractual agreements) which are accounted for in accordance with U.S. GAAP. The City's liability for vested and unpaid compensated absences that exceed expendable available financial resources for governmental fund types is reported in the Government-Wide Financial Statements.

Compensated absences liabilities of governmental activities are generally liquidated by the General Fund, while the amounts recorded in the business-type activities are liquidated by the fund that originally incurred the expense.

M. Bond Premiums and Discounts

For governmental fund statements, bond premiums and discounts are recognized during the current period. Bond proceeds are reported as other financing sources of the applicable premium or discount.

For government-wide and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the bonds using a straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

N. Long-Term Debt

Government-Wide Financial Statements

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

Fund Financial Statements

The Governmental Fund Financial Statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

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

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 10). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

P. Other Postemployment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 11).

The following timeframes are used for OPEB reporting:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses/expenditure) until then. The City has one item that qualifies for reporting in this category that is related to pensions.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Q. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has several items that qualify for this category, a deferred gain on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt, and deferred inflows related to pensions.

R. Net Position

In the Government-Wide Financial Statements and the proprietary fund financial statements, Net Position are classified in the following categories:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of debt and deferred gain on refinancing that are attributed to the acquisition, construction, or improvement of those assets.

Restricted - This component of net position consists of restricted assets reduced by liabilities and deferred outflows/inflows of resources related to those assets.

Unrestricted - This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balances

In the Governmental Fund Financial Statements fund balances are classified in the following categories:

Nonspendable - Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted - Restricted fund balances encompass the portion of net resources subject to externally enforceable legal restrictions. This includes externally restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself (resolution or ordinance) at its highest level of decision making, normally the governing body and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City.

Assigned - Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized the City Manager and the Director of Finance for that purpose. The City Council may also assign fund balance, however, unlike commitments, assignments generally only exist temporarily, and additional action does not normally have to be taken for the removal of an assignment.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

S. Fund Balances (Continued)

Unassigned - These are either residual positive net resources of the General Fund in excess of what can properly be classified in one of the other categories, or negative balances in all other funds.

T. Spending Policy

Government-Wide Financial Statements and the Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

When expenditures are incurred for purposes for which all restricted, committed, assigned and unassigned fund balances are available, the City's policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance:

- Restricted
- Committed
- Assigned
- Unassigned

U. Property Taxes

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

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

Under California Law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas prescribed by the state statutes. A delinquency penalty of 10 percent is assessed by the County of San Bernardino. If taxes become delinquent, subject properties may be deeded to the State and may be sold by the County for taxes plus a 1.5 percent per month redemption fee.

V. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted of the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

W. New Governmental Accounting Standards Implemented

The requirements of the following accounting standards are effective for the purpose of implementation, if applicable to the City, for the year ended June 30, 2020. The financial statements included herein apply the requirements and provisions of these statements, including necessary retroactive adjustments to financial statement classifications and presentations.

GASB Statement No. 95

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Application of this statement did not have a material effect on the City's financial statements for the fiscal year ending June 30, 2020.

GASB Statement No. 84

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. As a result of the implementation, the City converted the former agency funds, which previously reported assets and liabilities only, to custodial funds and reported a restatement of its net position in the amount of \$2,507,438.

X. Upcoming Governmental Accounting Standards Implementation

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

GASB Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Application of this statement is effective for the City's fiscal year ending June 30, 2022.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

X. Upcoming Governmental Accounting Standards Implementation (Continued)

GASB Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement is effective for the City’s fiscal year ending June 30, 2022.

GASB Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests– An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves 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. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Application of this statement is effective for the City’s fiscal year ending June 30, 2021.

GASB Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

GASB Statement No. 92

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Application of this statement is effective for the City’s fiscal year ending June 30, 2022.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

X. *Upcoming Governmental Accounting Standards Implementation (Continued)*

GASB Statement No. 93

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Application of this statement is effective for the City’s fiscal year ending June 30, 2022.

GASB Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

GASB Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Application of this statement is effective for the City’s fiscal year ending June 30, 2023.

GASB Statement No. 97

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. 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. Application of this statement is effective for the City’s fiscal year ending June 30, 2022.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments

The following is a summary of pooled cash and investments, including cash and investments with fiscal agents at June 30, 2020.

	Primary Government		Fiduciary	
	Governmental	Business-type		
	Activities	Activities	Funds	Total
Cash and investments	\$ 13,879,917	\$ 13,966,241	\$ 11,806,212	\$ 39,652,370
Cash and investments with fiscal agents	242,682	12,541,142	6,874,827	19,658,651
Total cash and investments	\$ 14,122,599	\$ 26,507,383	\$ 18,681,039	\$ 59,311,021

Cash and investments consisted of the following at June 30, 2020:

Cash on hand	\$ 4,350
Deposits with financial institutions	10,934,292
Investments	48,372,379
Total cash and investments	\$ 59,311,021

A. Deposits

At June 30, 2020, the carrying amount of the City's deposits was \$11,175,886 and the bank balances were \$11,348,228. The total bank balance was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

B. Investments

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	None	None
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Banker's Acceptances	180 days	40%	None
Commercial Paper	270 days	25%	10%
Certificate of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities			
Lending Agreements	92 days	20%	None
Medium-term Corporate Notes	5 years	30%	None
Mutual Funds and Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	30%	None

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

B. Investments (Continued)

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy.

C. Risks Disclosures

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. However, under the investment policy, reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds. Specific maturities of investments depend on liquidity needs. At June 30, 2020, the City's pooled cash and investments had the following maturities:

Investment Type	Total	Remaining Maturity		
		1 Year or Less	1 Year to 5 Years	More than 5 Years
Local Agency Investment Funds (LAIF)	\$ 27,950,265	\$ 27,950,265	\$ -	\$ -
California Community Foundation Investment Pool	37,805	37,805	-	-
Money market mutual funds	242,581	242,581	-	-
Certificates of deposit	466,978	466,978	-	-
Held by fiscal agent:				
Money market mutual funds	18,214,250	18,214,250	-	-
Investment contracts	1,460,500	-	-	1,460,500
Total investments	\$ 48,372,379	\$ 46,911,879	\$ -	\$ 1,460,500

Credit Risk

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

Investment Type	Total	Rating as of Year End		
		AAA	AAA/AA+	Not Rated
Local Agency Investment Funds (LAIF)	\$ 27,950,265	\$ -	\$ -	\$ 27,950,265
California Community Foundation Investment Pool	37,805	-	-	37,805
Money market mutual funds	242,581	-	-	242,581
Certificates of deposit	466,978	-	-	466,978
Held by fiscal agent:				
Money market mutual funds	18,214,250	-	-	18,214,250
Investment contracts	1,460,500	-	-	1,460,500
Total investments	\$ 48,372,379	\$ -	\$ -	\$ 48,372,379

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

C. Risks Disclosures (Continued)

Concentration of Credit Risk

The investment policy of the City contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total City investments.

Custodial Credit Risk

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

D. External Investment Pool

The City's investments with LAIF at June 30, 2020, included a small portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

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

Asset-Backed Securities – generally mortgage-backed securities which 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 CMO's) or credit card receivables.

As of June 30, 2020, the City had \$27,950,265 invested in LAIF, which had invested 3.37% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF as of June 30, 2020, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. The credit quality rating of LAIF is unrated as of June 30, 2020.

E. California Community Foundation Investment Pool

The City's investments with California Community Foundation Investment Pool for the Chief John Luetke Educational Fund at June 30, 2020. The City administers an endowment private-purpose trust fund, which is restricted by the donor for the purposes of generating enough funds from earned interest to donate funds on behalf of the Chief John Luetke Educational Fund towards investing in local education. Donor-restricted endowments are reported at fair value. The amount of net appreciation on investments of the donor-restricted endowment that is available for authorization for expenditure by the City is \$0 at June 30, 2020. The City authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor and with approval of the City Council.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 2 – Cash and Investments (Continued)

F. Fair Value Measurements

Fair value of assets measured on a recurring basis at June 30, 2020, are as follows:

Investments measured by fair value level:	June 30, 2020	Level 2
Certificates of deposit	\$ 466,978	\$ 466,978
Total investments by fair value level	466,978	466,978
Investments not subject to the fair value hierarchy:		
Local Agency Investment Funds (LAIF)	\$ 27,950,265	
California Community Foundation Investment Pool	37,805	
Money market mutual funds	18,456,831	
Investment contracts	1,460,500	
Total investments not subject to the fair value hierarchy	47,905,401	
Total investments	\$ 48,372,379	

Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Medium term notes: quoted prices for similar securities in active markets; and
- Asset-backed securities: recent appraisals of the asset value.

Note 3 – Interfund Balances and Transactions

A. Due to/Due from Other Funds

Amounts due to/from other funds represent short-term loans between funds to assist in covering current fiscal year expenditures (expenses). As of June 30, 2020, interfund receivables and payables were as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Federal Grants Special Revenue Fund	\$ 183,754	Overdrawn Cash
General Fund	State/County Grants Special Revenue Fund	725,121	Overdrawn Cash
General Fund	Community Development Block Grant Special Revenue Fund	45,681	Overdrawn Cash
General Fund	Traffic Offender Special Revenue Fund	3,405	Overdrawn Cash
	Total	\$ 957,961	

Current interfund balances arise in the normal course of operations to cover cash shortages and are expected to be repaid shortly after the end of the fiscal year.

B. Transfers In/Out

Interfund transfers for the year ended June 30, 2020 were as follows:

Transfers In	Transfers Out	Amount	Purpose
Mavericks Stadium Special Revenue Fund	General Fund	\$ 5,303,392	Close-out fund to the General Fund

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 3 – Interfund Balances and Transactions (Continued)

C. Long-Term Advances

At June 30, 2020, the balances of long-term advances were as follows:

Advances From	Advances To	Amount	Purpose
Drain Impact Special Revenue Fund	General Fund	80,421	Interfund advance agreement
Drain Impact Special Revenue Fund	General Fund	1,863,537	Operating loan
Public Utility Authority Enterprise Fund	General Fund	2,780,312	Operating loan
		<u>4,724,270</u>	
General Fund	Public Utility Authority Enterprise Fund	2,557,019	Wastewater system purchase note
Drain Impact Special Revenue Fund	Public Utility Authority Enterprise Fund	131,211	Interfund advance agreement
		<u>2,688,230</u>	
	Total	<u><u>\$ 7,412,500</u></u>	

Interfund Advance Agreements. On November 12, 2013, an inter-fund loan agreement of \$300,000 was approved by the City. The Drainage Impact Special Revenue Fund loaned the General Fund \$114,000 and the Public Utility Authority \$186,000 for their respective portion on the purchase of financial and billing software. Interest on the loans accrues at an interest rate of 0.26% (LAIF interest rate as of the effective date). Payments are due annually of \$5,857 from the General Fund and \$9,556 from the Public Utility Authority. The outstanding balances were \$80,421 from the General Fund and \$131,211 from the Public Utility Authority as of June 30, 2020.

The future scheduled advance repayments are as of follows:

General Fund - Interfund advance agreement			
Year Ending June 30,	Principal	Interest	Total
2021	\$ 5,648	\$ 209	\$ 5,857
2022	5,663	194	5,857
2023	5,677	180	5,857
2024	5,692	165	5,857
2025	5,707	150	5,857
2026-2030	28,758	527	29,285
2031-2034	23,275	153	23,428
Total	<u>\$ 80,420</u>	<u>\$ 1,578</u>	<u>\$ 81,998</u>

Drain Impact Fund - Interfund advance agreement			
Year Ending June 30,	Principal	Interest	Total
2021	\$ 9,215	\$ 341	\$ 9,556
2022	9,239	317	9,556
2023	9,263	293	9,556
2024	9,287	269	9,556
2025	9,311	245	9,556
2026-2030	46,920	860	47,780
2031-2034	37,976	248	38,224
Total	<u>\$ 131,211</u>	<u>\$ 2,573</u>	<u>\$ 133,784</u>

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 3 – Interfund Balances and Transactions (Continued)

C. Long-Term Advances (Continued)

Operating Loans. The General Fund has an operating loan of \$1,863,537 from the Drain Impact Special Revenue Fund. Interest on the loans accrues at an interest rate of 2.34% (LAIF interest rate as of the effective date). Payments are due annually from the General Fund. The outstanding balance was \$1,863,537 from the General Fund as of June 30, 2020.

The future scheduled advance repayments are as of follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ -	\$ 43,625	\$ 43,625
2022	-	43,625	43,625
2023	-	43,625	43,625
2024	-	43,625	43,625
2025	-	43,625	43,625
2026-2030	621,179	189,042	810,221
2031-2035	621,179	116,334	737,513
2036-2040	621,179	43,624	664,803
Total	\$ 1,863,537	\$ 567,125	\$ 2,430,662

The General Fund has an operating loan of \$2,780,312 from the Public Utility Authority Enterprise Fund. This operating loan is not expected to be repaid within a year and has no minimum required repayments or interest accrued on the loan.

Wastewater System Purchase Note. On November 1, 1996, the Adelanto Public Utility Authority entered into a purchase agreement with the City to purchase the City's wastewater operations. The Authority issued a note payable in the amount of \$10,267,874, with accrued interest at 7.5% per annum. On January 26, 1998, the governing Board of the Authority and the City Council agreed to amend the purchase note on a retroactive basis to eliminate any accrual of interest payable to the City until such time as all outstanding bonds are repaid, which at that time was scheduled for November 1, 2026. As per this agreement, any unpaid balance at that time will accrue interest at 7.5%. In September 2005, the interest rate was amended to accrue on the unpaid balance at the rate of 5.0% per annum. Payments on the note payable are due quarterly each year. The outstanding balance on the Wastewater System Purchase Note was \$2,557,019 at June 30, 2020.

The future scheduled advance repayments are as of follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 1,961,149	\$ 268,851	\$ 2,230,000
2022	595,870	170,794	766,664
Total	\$ 2,557,019	\$ 439,645	\$ 2,996,664

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 4 – Advances to Fiduciary Funds

Advances to Fiduciary Funds as of June 30, 2020, was as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Luetke Foundation Private Purpose Trust Fund	\$ 9,948	Reimbursement
General Fund	Successor Agency Private Purpose Trust Fund	2,905,747	Advances
	Total	\$ 2,915,695	

The advances between the City of Adelanto and the Successor Agency were to provide the Successor Agency with funding for projects and have no stated interest rate. There is no future minimum debt service requirement as repayment will be made when funds are available. The outstanding balance of the advance was \$2,905,747 as of June 30, 2020. The advances between the City of Adelanto and the Luetke Foundation Private Purpose Trust Fund were to provide the Foundation with funding for projects and have no stated interest rate. There is no future minimum debt service requirement as repayment will be made when funds are available. The outstanding balance of the advance was \$9,948 as of June 30, 2020.

Note 5 – Notes and Loans Receivable

Loan Receivable – Public Utility Authority Enterprise Fund

The Adelanto Public Utility Authority purchased the Adelanto Public Financing Authority (“PFA”) Local Agency Third Subordinated Revenue Bonds, 1995 Series C. These bonds are considered conduit debt (See Note 8) of the Adelanto PFA since the bond is secured from the loans with the Adelanto Improvement Agency. As of February 1, 2012, the Adelanto Improvement Agency was dissolved and the Successor Agency of the Adelanto Improvement Agency oversees the remaining activities of the former Adelanto Improvement Agency. Since the Adelanto PFA bonds are considered conduit debt, these amounts are reflected as loans receivable in the Statement of Net Position for the Public Utility Authority Enterprise Fund. The outstanding balance of these loans was \$11,428,762 as of June 30, 2020. This amount includes \$9,505,263 of accreted interest.

Notes Receivable – Successor Agency Private Purpose Trust Fund

The notes receivable consists of mostly agreements for the sale of land parcels by the former Adelanto Improvement Agency. Interest on the agreements varies from no interest to 5% per annum. The outstanding balance of notes receivable was \$542,355 as of June 30, 2020.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for governmental activities for the year ended June 30, 2020 are as follows:

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Capital assets, not being depreciated:					
Land and rights of way	\$ 16,393,452	\$ 592,848	\$ -	\$ -	\$ 16,986,300
Total capital assets, not being depreciated	16,393,452	592,848	-	-	16,986,300
Capital assets, being depreciated:					
Buildings and improvements	13,038,362	-	-	-	13,038,362
Machinery and equipment	1,724,784	-	-	-	1,724,784
Vehicles	2,277,978	-	-	-	2,277,978
Infrastructure	103,707,298	4,178,004	-	-	107,885,302
Total capital assets, being depreciated	120,748,422	4,178,004	-	-	124,926,426
Less accumulated depreciation for:					
Buildings and improvements	(7,608,906)	(290,355)	-	-	(7,899,261)
Machinery and equipment	(1,559,829)	(36,050)	-	-	(1,595,879)
Vehicles	(1,936,813)	(64,830)	-	-	(2,001,643)
Infrastructure	(53,894,337)	(3,821,689)	-	-	(57,716,026)
Total accumulated depreciation	(64,999,885)	(4,212,924)	-	-	(69,212,809)
Total capital assets, being depreciated, net	55,748,537	(34,920)	-	-	55,713,617
Capital assets, net	\$ 72,141,989	\$ 557,928	\$ -	\$ -	\$ 72,699,917

Depreciation expense was charged to functions/programs as follows:

General government	\$ 109,743
Public safety	51,972
Public works	3,923,769
Parks and recreation	127,440
Total depreciation expense	\$ 4,212,924

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 6 – Capital Assets (Continued)

B. Business-Type Activities

Summary of changes in capital assets for business-type activities for the year ended June 30, 2020 are as follows:

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Capital assets, not being depreciated:					
Land	\$ 908,300	\$ -	\$ -	\$ -	\$ 908,300
Water rights	7,000,800	-	-	-	7,000,800
Construction in progress	285,357	242,437	-	(285,357)	242,437
Total capital assets, not being depreciated	8,194,457	242,437	-	(285,357)	8,151,537
Capital assets, being depreciated:					
Buildings and improvements	20,972,101	12,400	-	-	20,984,501
Machinery and equipment	8,763,905	47,584	-	-	8,811,489
Computer equipment	341,081	-	-	-	341,081
Vehicles	32,325	-	-	-	32,325
Infrastructure	49,118,582	541,179	-	285,357	49,945,118
Total capital assets, being depreciated	79,227,994	601,163	-	285,357	80,114,514
Less accumulated depreciation for:					
Buildings and improvements	(8,229,920)	(415,269)	-	-	(8,645,189)
Machinery and equipment	(4,151,271)	(357,380)	-	-	(4,508,651)
Computer equipment	(136,432)	(68,216)	-	-	(204,648)
Vehicles	(6,465)	(3,232)	-	-	(9,697)
Infrastructure	(14,368,993)	(767,893)	-	-	(15,136,886)
Total accumulated depreciation	(26,893,081)	(1,611,990)	-	-	(28,505,071)
Total capital assets, being depreciated, net	52,334,913	(1,010,827)	-	285,357	51,609,443
Capital assets, net	\$ 60,529,370	\$ (768,390)	\$ -	\$ -	\$ 59,760,980

Depreciation expenses for business-type activities for the year ended June 30, 2020 was \$1,611,990.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Long-Term Debt

A. Governmental Activities

Summary of changes in governmental activities long-term debt for the year ended June 30, 2020 are as follows:

	Original Issuance	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due within One Year	Due in More Than One Year
Governmental Activities:							
Direct Borrowings:							
Note Payable	\$ 140,000	\$ 140,000	\$ -	\$ -	\$ 140,000	\$ -	\$ 140,000
Total governmental activities	\$ 140,000	\$ 140,000	\$ -	\$ -	\$ 140,000	\$ -	\$ 140,000

Notes Payable

On October 29, 2018, the City entered into a note payable agreement with Sovel Group, LLC for the purchase of property near the Adelanto Stadium. Interest on the note payable accrues at a rate of 5.00% per annum. Principal on the note payable is due three years from the note payable agreement date with interest paid in semi-annual payments. The outstanding balance on the note payable was \$140,000 at June 30, 2020.

The future debt service requirements for the notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ -	\$ 7,000	\$ 7,000
2022	140,000	3,500	143,500
Total	\$ 140,000	\$ 10,500	\$ 150,500

B. Business-Type Activities

Summary of changes in business-type activities long-term debt for the year ended June 30, 2020 are as follows:

	Original Issuance	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year	Due In More Than One Year
Business-Type Activities:							
Public Borrowings:							
2014A Fixed Rate Revenue Bonds	\$ 14,130,000	\$ 11,255,000	\$ -	\$ (815,000)	\$ 10,440,000	\$ 855,000	\$ 9,585,000
Add: Bond Premium		286,491	-	(14,325)	272,166	-	272,166
2017A Fixed Rate Refunding Bonds	29,145,000	29,145,000	-	-	29,145,000	645,000	28,500,000
Add: Bond Premium		3,135,070	-	(156,753)	2,978,317	-	2,978,317
2017B Fixed Rate Refunding Bonds	7,015,000	40,025,000	-	(1,455,000)	38,570,000	1,530,000	37,040,000
Subtract: Bond Discount		(383,214)	-	23,951	(359,263)	-	(359,263)
Total business-type activities	\$ 50,290,000	\$ 83,463,347	\$ -	\$ (2,417,127)	\$ 81,046,220	\$ 3,030,000	\$ 78,016,220

Fixed Rate Revenue Bonds, 2014 Series A

On or about December 30, 2014, the Adelanto Public Utility Authority issued \$14,130,000 Fixed Rate Revenue Bonds, 2014 Series A, to pay costs related to a legal settlement with Ambac Assurance Corporation and to finance certain capital improvements. Interest on the bonds is payable July 1st and January 1st of each year. Interest on the bonds accrues at rates of 4.00% and 5.00% per annum. Principal on the serial bonds are payable in annual installments, ranging from \$265,000 to \$1,045,000, commencing July 1, 2015 through July 1, 2039. The balance in the debt service reserve account as of June 30, 2020, was \$1,252,506, which is sufficient to cover the Bond Indenture Reserve Requirement.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Fixed Rate Revenue Bonds, 2014 Series A (Continued)

The future debt service requirements for the bonds are as follows:

Year Ending			
June 30	Principal	Interest	Total
2021	\$ 855,000	\$ 500,625	\$ 1,355,625
2022	900,000	456,750	1,356,750
2023	940,000	410,750	1,350,750
2024	990,000	362,500	1,352,500
2025	1,045,000	311,625	1,356,625
2026-2030	1,455,000	1,252,625	2,707,625
2031-2035	1,860,000	840,500	2,700,500
2036-2040	2,395,000	311,875	2,706,875
Total	<u>\$ 10,440,000</u>	<u>\$ 4,447,250</u>	<u>\$ 14,887,250</u>

Revenues Pledged

The Authority has pledged a portion of water and wastewater revenues to repay the 2014 Series A Fixed Rate Revenue Bonds. The bond is secured solely by water and wastewater operating revenues. Total principal and interest remaining on the bond is \$14,887,250 payable through fiscal year 2040. For the current year, principal and interest paid by the water and wastewater operating revenues was \$815,000 and \$542,375.

Fixed Rate Revenue Refunding Bonds, 2017 Series A

On or about December 28, 2017, the Adelanto Public Utility Authority issued \$29,145,000 Fixed Rate Refunding Revenue Bonds, 2017 Series A, to refund a portion of the Authority's Fixed Rate Refunding Revenue Bonds, 2009 Series A. Interest on the bonds is payable July 1st and January 1st of each year. Interest on the bonds accrues at rate of 5.00% per annum. Principal on the serial bonds are payable in annual installments, ranging from \$645,000 to \$5,150,000, commencing July 1, 2020 through July 1, 2039. The balance in the debt service reserve account as of June 30, 2020, is \$1,363,749, which is sufficient to cover the Bond Indenture Reserve Requirement.

The future debt service requirements for the bonds are as follows:

Year Ending			
June 30	Principal	Interest	Total
2021	\$ 645,000	\$ 1,457,250	\$ 2,102,250
2022	645,000	1,425,000	2,070,000
2023	645,000	1,392,750	2,037,750
2024	645,000	1,360,500	2,005,500
2025	640,000	1,328,250	1,968,250
2026-2030	3,145,000	6,166,250	9,311,250
2031-2035	3,070,000	5,385,000	8,455,000
2036-2040	19,710,000	3,435,750	23,145,750
Total	<u>\$ 29,145,000</u>	<u>\$ 21,950,750</u>	<u>\$ 51,095,750</u>

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Fixed Rate Revenue Refunding Bonds, 2017 Series A (Continued)

Revenues Pledged

The Authority has pledged a portion of water and wastewater revenues to repay the 2017 Series A Fixed Rate Revenue Refunding Bonds. The bond is secured solely by water and wastewater operating revenues. Total principal and interest remaining on the bond is \$51,095,750 payable through fiscal year 2040. For the current year, only interest was due and paid by water and wastewater operating revenues for \$1,457,250.

Fixed Rate Revenue Refunding Bonds, 2017 Series B

On or about December 28, 2017, the Adelanto Public Utility Authority issued \$41,710,000 Fixed Rate Refunding Revenue Bonds, 2017 Series B, to refund a portion of the Authority's Fixed Rate Refunding Revenue Bonds, 2009 Series A. Interest on the bonds is payable July 1st and January 1st of each year. Interest on the bonds accrues at rate of 3% to 4.75% per annum. Principal on the serial bonds are payable in annual installments, ranging from \$1,455,000 to \$3,610,000, commencing July 1, 2018 through July 1, 2035. The balance in the debt service reserve account as of June 30, 2020, is \$1,730,432, which is sufficient to cover the Bond Indenture Reserve Requirement.

The future debt service requirements for the bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ 1,530,000	\$ 1,650,038	\$ 3,180,038
2022	1,615,000	1,598,400	3,213,400
2023	1,700,000	1,545,913	3,245,913
2024	1,795,000	1,486,413	3,281,413
2025	1,895,000	1,421,344	3,316,344
2026-2030	11,275,000	5,899,656	17,174,656
2031-2035	15,150,000	3,079,963	18,229,963
2036	3,610,000	171,475	3,781,475
Total	\$ 38,570,000	\$ 16,853,202	\$ 55,423,202

The Authority has pledged a portion of water and wastewater revenues to repay the 2017 Series B Fixed Rate Revenue Refunding Bonds. The bond is secured solely by water and wastewater operating revenues. Total principal and interest remaining on the bond is \$55,423,200 payable through fiscal year 2036. For the current year, principal and interest paid by the water and wastewater operating revenues was \$1,455,000 and \$1,672,772.

Defeased Debt

Fixed Rate Refunding Revenue Bonds, 2009 Series A

On or about December 28, 2017, the Adelanto Public Utility Authority issued \$29,145,000 Fixed Rate Refunding Revenue Bonds, 2017 Series A with an interest rate of 5% and \$41,710,000 Fixed Rate Refunding Revenue Bonds, 2017 Series B with interest rates of 3% to 4.75% to advance refund the Fixed Rate Refunding Revenue Bonds, 2009 Series A. The net proceeds were deposited in an irrevocable trust to provide funds for the future debt service payment on the refunded bonds. Accordingly, those trust account assets and the liability for those defeased bonds are not included in the Authority's financial statements. At June 30, 2020, \$65,925,000 of defeased bonds remain outstanding.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Long-Term Debt (Continued)

C. Fiduciary Funds

Summary of changes in fiduciary funds long-term debt for the year ended June 30, 2020 are as follows:

	Original Issuance	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year	Due In More Than One Year
Successory Agency:							
Tax Allocation Bonds:							
Public Borrowings:							
1993B Tax Allocation Bonds	\$ 15,095,983	\$ 5,235,000	\$ -	\$ (940,000)	\$ 4,295,000	\$ 990,000	\$ 3,305,000
2007 Tax Allocation Bonds	3,560,000	2,790,000	-	(85,000)	2,705,000	90,000	2,615,000
Subtract: Bond Discount		(149,289)	-	28,201	(121,088)	-	(121,088)
Total Tax Allocation Bonds	18,655,983	7,875,711	-	(996,799)	6,878,912	1,080,000	5,798,912
Loans Payable:							
Direct Borrowings:							
1995A Local Agency Taxable Subordinated Revenue Bonds	\$ 7,400,000	\$ 2,460,000	\$ -	\$ -	\$ 2,460,000	\$ -	\$ 2,460,000
1995B Local Agency 2nd Subordinated Revenue Bonds	17,560,000	11,295,000	-	(500,000)	10,795,000	535,000	10,260,000
1995C Local Agency 3rd Subordinated Revenue Bonds	11,786,856	12,116,378	908,728	(1,596,344)	11,428,762	263,939	11,164,823
Subtract: Loan Discount	n/a	(53,734)	-	6,577	(47,157)	-	(47,157)
Total Loans Payable	36,746,856	25,817,644	908,728	(2,089,767)	24,636,605	798,939	23,837,666
Other Long-Term Liabilities:							
Direct Borrowings:							
Intermountain Power Agency Settlement Agreement	\$ 1,989,390	\$ 1,989,390	\$ -	\$ -	\$ 1,989,390	\$ -	\$ 1,989,390
San Bernardino County Tax Increment Loans - Loan Portion	n/a	13,356,686	-	-	13,356,686	-	13,356,686
San Bernardino County Tax Increment Loans - Accrued Interest Portion	n/a	24,787,519	2,680,698	-	27,468,217	-	27,468,217
Total Other Long-Term Liabilities	\$ 1,989,390	\$ 40,133,595	\$ 2,680,698	\$ -	\$ 42,814,293	\$ -	\$ 42,814,293
Total Successory Agency	\$ 57,392,229	\$ 73,826,950	\$ 3,589,426	\$ (3,086,566)	\$ 74,329,810	\$ 1,878,939	\$ 72,450,871

Tax Allocations Bonds

Adelanto Improvement Project Tax Allocation Refunding Bonds, 1993 Series B

On or about December 30, 1993, the Adelanto Improvement Agency issued \$15,095,983 Tax Allocation Refunding Bonds, 1993 Series B, to advance refund a portion of the outstanding 1990 Adelanto Improvement Project Tax Allocation Bonds, 1991 Adelanto Improvement Project Tax Allocation Bonds and the 1993A Adelanto Improvement Project Subordinated Tax Allocation Bonds. Interest on the bonds is payable June 1st and December 1st of each year. Interest on the remaining term bonds accrues at a rate of 5.50% per annum. Principal on the serial bonds are payable in annual installments, ranging from \$175,000 to \$1,160,000, commencing December 1, 2002 through December 1, 2023. The balance of debt service reserve account as of June 30, 2020, is \$ 1,226,532 which is sufficient to cover the Bond Indenture Reserve Requirement.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

Tax Allocations Bonds (Continued)

Adelanto Improvement Project Tax Allocation Refunding Bonds, 1993 Series B (Continued)

The future debt service requirements for the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 990,000	\$ 209,000	\$ 1,199,000
2022	1,045,000	153,038	1,198,038
2023	1,100,000	94,050	1,194,050
2024	1,160,000	31,900	1,191,900
Total	<u>\$ 4,295,000</u>	<u>\$ 487,988</u>	<u>\$ 4,782,988</u>

Adelanto Improvement Project No. 3 2007 Tax Allocation Bonds

On or about December 19, 2007, the Adelanto Improvement Agency issued \$3,560,000 Adelanto Improvement Project No. 3 2007 Tax Allocation Bonds to fund redevelopment projects of the Agency, fund the reserve requirement and pay the costs of issuance on the bonds. Interest on the bonds is payable September 1st and March 1st of each year. Interest on the remaining term bonds accrues at rates between 4.00% and 6.00% per annum. Principal on the bonds are payable in annual installments ranging from \$55,000 to \$235,000, commencing September 1, 2008 through September 1, 2037. The balance of debt service reserve account as of June 30, 2020, is \$252,519, which is sufficient to cover the Bond Indenture Reserve Requirement.

The future debt service requirements for the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 90,000	\$ 158,215	\$ 248,215
2022	95,000	153,265	248,265
2023	100,000	147,950	247,950
2024	-	145,200	145,200
2025	-	145,200	145,200
2026-2030	585,000	638,250	1,223,250
2031-2035	-	550,500	550,500
2036-2038	1,835,000	275,250	2,110,250
Total	<u>\$ 2,705,000</u>	<u>\$ 1,609,200</u>	<u>\$ 4,918,830</u>

Loans Payable to the Adelanto Public Financing Authority

The Adelanto Public Financing Authority (the "Authority") has issued Local Agency Subordinated Revenue Bonds for financing projects of the former Adelanto Improvement Agency (the "Successor Agency") and to provide funds for the various debt obligations of the Successor Agency. The Successor Agency has entered into loan agreements with the Authority which mirror the bonds issued by the Authority except for Local Agency Third Subordinated Revenue Bonds, 1995 Series C which require prepayments on the Authority's capital appreciation bonds. Concurrent with the execution and delivery of the loan agreements, the Authority issued the aggregate principal amount of its Local Agency Subordinated Revenue Bonds to the Successor Agency.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

Loans Payable to the Adelanto Public Financing Authority (Continued)

Local Agency Taxable Subordinated Revenue Bonds, 1995 Series A

On or about January 9, 1996, the Adelanto Public Financing Authority (the “Authority”), issued \$7,400,000 Local Agency Taxable Subordinated Revenue Bonds, 1995 Series A, to provide funds (Agency loan) to the Successor Agency to advance refund the Adelanto Improvement Project Tax Allocation Refunding Bonds, 1993 Series B and the Adelanto Improvement Project Subordinated Tax Allocation Refunding and Improvements Bonds, 1993 Series C. Interest on the bonds is payable September 1st and March 1st of each year. Interest on the bonds accrues at rates between 5.60% and 7.20% per annum. Principal on the serial bonds are payable in annual installments, ranging from \$15,000 to \$1,275,000, commencing September 1, 1997 through September 1, 2025. The balance of debt service reserve account as of June 30, 2020, is \$742,460, which is sufficient to cover the Bond Indenture Reserve Requirement.

The future debt service requirements for the loans payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ -	\$ 177,120	\$ 177,120
2022	-	177,120	177,120
2023	-	177,120	177,120
2024	-	177,120	177,120
2025	1,185,000	134,460	1,319,460
2026	1,275,000	45,900	1,320,900
Total	\$ 2,460,000	\$ 888,840	\$ 3,348,840

Local Agency Second Subordinated Revenue Bonds, 1995 Series B

On or about January 9, 1996, the Adelanto Public Financing Authority (the “Authority”), issued \$17,560,000 Local Agency Second Subordinated Revenue Bonds, 1995 Series B, to provide funds (Agency loan) to the Successor Agency to advance refund the Adelanto Improvement Project Tax Allocation Refunding Bonds, 1993 Series B and the Adelanto Improvement Project Subordinated Tax Allocation Refunding and Improvements Bonds, 1993 Series C. Interest on the bonds is payable September 1st and March 1st of each year. Interest on the bonds accrues at rates between 5.05% and 6.30% per annum. Principal on the serial bonds are payable in annual installments, ranging from \$160,000 to \$2,460,000, commencing September 1, 1998 through September 1, 2028. The balance of debt service reserve account as of June 30, 2020, is \$1,460,507, which is sufficient to cover the Bond Indenture Reserve Requirement.

The future debt service requirements for the loans payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 535,000	\$ 757,980	1,292,980
2022	565,000	718,380	1,283,380
2023	605,000	676,260	1,281,260
2024	645,000	631,260	1,276,260
2025	725,000	581,940	1,306,940
2026-2029	7,720,000	1,299,600	9,019,600
Total	\$ 10,795,000	\$ 4,665,420	\$ 15,460,420

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

Loans Payable to the Adelanto Public Financing Authority (Continued)

Local Agency Third Subordinated Revenue Bonds, 1995 Series C

On or about January 9, 1996, the Adelanto Public Financing Authority (the “Authority”), issued \$11,786,856 Local Agency Taxable Third Subordinated Revenue Bonds (Capital Appreciation Bonds), 1995 Series C, to provide funds to the Successor Agency to advance refund the Adelanto Improvement Project Tax Allocation Refunding Bonds, 1993 Series B and the Adelanto Improvement Project Subordinated Tax Allocation Refunding and Improvements Bonds, 1993 Series C. Interest on the bonds is compounded September 1st and March 1st of each year and payable at maturity. Interest on the bonds accrues at a rate of 7.50% per annum. Principal on the bonds and all outstanding interest are due September 1, 2028. Principal on the Agency loans are payable vary from \$94,006 to \$1,081,968 beginning September 1, 1996 through September 1, 2028. The outstanding balance at June 30, 2020 is \$1,923,499 with accreted interest payable of \$9,505,263.

The future debt service requirements for the loans payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 263,939	\$ 1,386,635	1,650,574
2022	253,544	1,453,130	1,706,674
2023	242,697	1,515,770	1,758,467
2024	232,754	1,582,543	1,815,297
2025	222,811	1,647,696	1,870,507
2026-2029	707,754	6,300,181	7,007,935
Total	<u>\$ 1,923,499</u>	<u>\$ 13,885,955</u>	<u>\$ 15,809,454</u>

Other Long-Term Liabilities

Intermountain Power Agency Settlement Agreement

The former Adelanto Improvement Agency entered into an agreement with the Intermountain Power Agency (IPA) in April 1993 regarding reimbursement of certain incremental property taxes generated by parcels owned by the IPA within the Agency project areas for 1992 and prior years. The IPA had filed appeals relating to the assessed value of these parcels for 1989 through 1992. As a condition of the agreement with the Agency, the IPA agreed to withdraw such appeals. The IPA filed an appeal for the 1993 assessed value, which was granted in September 1997. The IPA also filed appeals for fiscal years 1995 and 1996.

The agreement states that if the IPA seeks a reassessment of the assessed value of the parcels (i.e., the 1993 appeal) and is successful in any future claim resulting in a reduction in property taxes assessed by the County or other taxing entity, the Agency agrees to reimburse the IPA for those amounts (to a maximum of \$2,200,000) that the IPA calculates that it would have lost in refunds as a result of dismissing the appeals for 1992 and prior. The reimbursement is to be paid by the Agency each year, beginning 90 days from a final decision by the County, resulting in a reduced tax assessment, in an annual amount equal to \$78,751 multiplied by a “Fractional Amount” as defined in the agreement. The term “Fractional Amount” has been determined to be the amount of the actual reduction in the tax assessment as determined by the County divided by an amount equal to the reduction in such tax assessment sought by the IPA.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 7 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

Other Long-Term Liabilities (Continued)

Intermountain Power Agency Settlement Agreement (Continued)

Amounts due under the agreement are payable annually beginning 90 days after the final decision and continuing on or before September 30 of each year until the obligation (\$2,200,000 multiplied by the “Fractional Amount”) is paid in full. Amounts due to the IPA under this agreement are subordinate to all tax allocation bonds of the Agency, whenever incurred. Based on the assessment reduction received by the IPA for 1993, the liability that the Agency has incurred under this agreement is \$1,989,390. Scheduled payments have been deferred by the Agency due to subordination to the tax allocation bonds outstanding. Since the Agency was principal beneficiary of such property taxes, the full amount of such payments has been established as a long-term liability in the financial statements as of June 30, 2020.

San Bernardino County Tax Increment Loans

During fiscal year 1996, the former Redevelopment Agency and San Bernardino County amended the pass-through agreement for incremental property taxes in the Project Area. Under the revised agreement, the Agency is required to relinquish approximately 33% of incremental property taxes to the County, of which approximately one-half (16.26%) would be subordinate to the Agency’s existing long-term debt. The County will loan to the Agency, at the rate of 7% per annum, the amount of the deferred incremental property taxes needed to meet debt service requirements on the refunding bonds plus amounts needed up to \$100,000 annually, to administer the Agency’s long-term debt. Any such loans are subordinate to the 1995 Series A, B, and C of the Adelanto Public Financing Authority refunding bonds. Currently, the Successor Agency and the County of San Bernardino are in litigation over the estimated amounts outstanding. The outstanding amounts reflect the amounts owed estimated by the County of San Bernardino. The outstanding balance on the loans at June 30, 2020 was \$13,356,686 with interest payable of \$27,468,217.

Note 8 – Conduit Debt

The following bond issues are not reported in the City’s financial statements, because they are special obligations payable solely from and secured by specific revenue sources described in the resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the County, the State of California, or any political subdivision thereof, is pledged for payment of these bonds.

Community Facilities District Bonds

Bonds issued for improvements in certain special assessment districts in accordance with the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, are liabilities of the property owners and are secured by liens against the assessed property. The City acts as an agent for collection of principal and interest payments by the property owners and remittance of such monies to the bondholders.

Neither the faith and credit, nor the general taxing power, of the City of Adelanto have been pledged to the payment of the bonds. Therefore, none of the following special assessment bonds have been included in the accompanying financial statements.

District Bonds	Amount of Issue	Outstanding at End of Year
Community Facilities District No. 2006-2 IA1, 2015 Special Tax Bonds	\$ 3,575,000	\$ 3,510,000
Community Facilities District No. 2006-2 IA2, 2015A Special Tax Bonds	3,715,000	3,715,000
Community Facilities District No. 2006-2 IA2, 2015B Special Tax Bonds	2,480,000	2,395,000
Total	<u>\$ 9,770,000</u>	<u>\$ 9,620,000</u>

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 8 – Conduit Debt (Continued)

Adelanto Public Financing Authority Bonds

The Adelanto Public Financing Authority (the “PFA”) issued local agency subordinated revenue bonds to provide loans to the former Adelanto Improvement Agency. The loans were used to finance various redevelopment activities which include refunding previous long-term liabilities. The bonds are secured from the former Adelanto Improvement Agency (Successor Agency) loan payments (tax revenues). The Adelanto PFA also issued local agency revenue bonds which were used to purchase or refund Assessment District bonds. The local agency revenue bonds are secured from payments on the Assessment District bonds (special assessments on property owners).

Neither the faith and credit, nor the general taxing power, of the City of Adelanto have been pledged to the payment of the bonds. The Adelanto PFA has no taxing power. Therefore, none of the following bonds have been included in the accompanying financial statements.

	Amount of Issue	Outstanding at End of Year
Local Agency Subordinated Revenue Bonds - Successor Agency		
Local Agency Taxable Subordinated Revenue Bonds, 1995 Series A	\$ 7,400,000	\$ 2,460,000
Local Agency 2nd Subordinated Revenue Bonds, 1995 Series B	17,560,000	10,795,000
Local Agency 3rd Subordinated Revenue Bonds, 1995 Series C	11,786,856	11,428,762
Total	<u>\$ 36,746,856</u>	<u>\$ 24,683,762</u>

Note 9 – Compensated Absences

Summary of changes in compensated absences for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Classification Due Within One Year	Due In More Than One Year
Governmental Activities	\$ 276,958	\$ 133,819	\$ (241,126)	\$ 169,651	\$ 127,855	\$ 41,796
Business-Type Activities	32,331	21,541	(28,995)	24,877	14,650	10,227
Total	<u>\$ 309,289</u>	<u>\$ 155,360</u>	<u>\$ (270,121)</u>	<u>\$ 194,528</u>	<u>\$ 142,505</u>	<u>\$ 52,023</u>

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Pension Plans

A. Summary

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution after measurement date:			
Miscellaneous	\$ 153,828	\$ 10,081	\$ 163,909
Safety	11,403	-	11,403
Change in assumptions:			
Miscellaneous	6,477	424	6,901
Safety	5,303	-	5,303
Difference between expected and actual experience:			
Miscellaneous	9,434	617	10,051
Safety	8,448	-	8,448
Adjustments due to differences in proportions			
Miscellaneous	377,087	24,711	401,798
Safety	2,312	-	2,312
Total deferred outflows of resources	\$ 574,292	\$ 35,833	\$ 610,125
Net pension liabilities:			
Miscellaneous	\$ 135,816	\$ 8,900	\$ 144,716
Safety	129,386	-	129,386
Total net pension liabilities	\$ 265,202	\$ 8,900	\$ 274,102
Deferred inflows of Resources:			
Change in assumptions:			
Miscellaneous	\$ 2,296	\$ 150	\$ 2,446
Safety	1,035	-	1,035
Difference between expected and actual experience			
Miscellaneous	732	48	780
Difference in projected and actual earnings on pension investments:			
Miscellaneous	2,374	156	2,530
Safety	1,780	-	1,780
Adjustments due to differences in proportions			
Safety	4,469	-	4,469
Differences between City's contributions and proportionate share of contributions			
Miscellaneous	323,379	21,191	344,570
Safety	6,293	-	6,293
Total deferred inflows of resources	\$ 342,358	\$ 21,545	\$ 363,903
Pension expenses:			
Miscellaneous	\$ 440,244	\$ 28,850	\$ 469,094
Safety	1,857	-	1,857
Total pension expenses	\$ 442,101	\$ 28,850	\$ 470,951

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Continued)

B. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in either the City's Miscellaneous Employee Pension Plan (Miscellaneous Plan) or Safety Employee Pension Plan (Safety Plan), both of which are cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 of the Miscellaneous Plan and Safety Plan 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 or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law.

Benefits Provided

The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous		
	Miscellaneous	PEPRA	Safety⁽²⁾
	Prior to January 1, 2013	On or After January 1, 2013	Prior to January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62	3.0% @ 50
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	62	50
Monthly benefits, as a % of eligible compensation	2.7%	2.0%	3.0%
Required employee contribution rate	8.000%	6.750%	9.000%
Required employer contribution rate	8.081%	6.985%	0.000%

⁽²⁾ Note the City currently does not have any safety employees. The Safety Plan represents former safety employees.

At June 30, 2020, the following employees were covered by the benefit terms for the miscellaneous plan:

	Miscellaneous		
	Miscellaneous	PEPRA	Safety
Active employees	12	9	-
Transferred and terminated employees	106	14	5
Retired employees and beneficiaries	46	-	3
Total	164	23	8

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Continued)

B. General Information about the Pension Plans (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law 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 the Plan 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 an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2020, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Contributions - employer	\$ 163,909	\$ 11,403	\$ 175,312

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

As of June 30, 2020, the City reported net pension liabilities for its proportionate shares of the Net Pension Liability of the Plans as follows:

	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
Pension Plans:			
Balance at: 6/30/18 (Valuation date)	\$ 10,821,299	\$ 10,751,253	\$ 70,046
Balance at: 6/30/19 (Measurement date)	11,839,701	11,565,599	274,102
Net changes during 2018-2019	1,018,402	814,346	204,056

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

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Proportion - June 30, 2018	-0.00147%	0.00214%	0.00067%
Proportion - June 30, 2019	0.00361%	0.00207%	0.00568%
Change - Increase/(Decrease)	0.00508%	-0.00007%	0.00501%

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Continued)

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

For the year ended June 30, 2020, the City recognized pension expense of \$469,094 and \$1,857, for the Miscellaneous and Safety Plans, respectively. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 163,909	\$ -
Difference between expected and actual experience	10,051	780
Changes of assumptions	6,901	2,446
Net difference between projected and actual earnings on pension plan investments	-	2,530
Employer contributions in excess/(under) proportionate share of contributions	-	344,570
Adjustments due to difference in proportions	401,798	-
Total	<u>\$ 582,659</u>	<u>\$ 350,326</u>

Safety Plan		
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 11,403	\$ -
Difference between expected and actual experience	8,448	-
Changes of assumptions	5,303	1,035
Net difference between projected and actual earnings on pension plan investments	-	1,780
Employer contributions in excess/(under) proportionate share of contributions	-	6,293
Adjustments due to difference in proportions	2,312	4,469
Total	<u>\$ 27,466</u>	<u>\$ 13,577</u>

Aggregate Total		
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 175,312	\$ -
Difference between expected and actual experience	18,499	780
Changes of assumptions	12,204	3,481
Net difference between projected and actual earnings on pension plan investments	-	4,310
Employer contributions in excess/(under) proportionate share of contributions	-	350,863
Adjustments due to difference in proportions	404,110	4,469
Total	<u>\$ 610,125</u>	<u>\$ 363,903</u>

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Continued)

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

For the Miscellaneous Plan and Safety Plan, \$163,909 and \$11,403, respectively, was reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources		
	Miscellaneous Plan	Safety Plan	Total
2020	\$ 38,310	\$ 4,183	\$ 42,493
2021	49,350	(2,138)	47,212
2022	(19,747)	96	(19,651)
2023	511	345	856
2024	-	-	-
Thereafter	-	-	-
Total	<u>\$ 68,424</u>	<u>\$ 2,486</u>	<u>\$ 70,910</u>

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

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

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Continued)

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

Discount Rate

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10¹	Real Return Years 11 +²
Global equity	50.00%	4.80%	5.98%
Global fixed income	28.00%	1.00%	2.62%
Inflation sensitive assets	0.00%	7.00%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

¹ An expected inflation of 2.00% was used for this period.

² An expected inflation of 2.92% was used for this period.

The discount rate used to measure the total pension liability was 7.15% for the plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 Section.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Continued)

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

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the net position liability for the Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability/(asset) 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:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous	\$ 1,674,446	\$ 144,716	\$ (1,117,968)
Safety	193,317	129,386	76,973
Total	<u>\$ 1,867,763</u>	<u>\$ 274,102</u>	<u>\$ (1,040,995)</u>

Pension Plan Fiduciary Net Position

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

D. Payable to the Pension Plan

At June 30, 2020, the City had no outstanding amounts owed to the pension plan for contributions for the year ended June 30, 2020.

Note 11 – Other Post Employment Health Benefits

A. General Information about OPEB

Plan Description

The City provides postemployment health benefits through a single-employer defined benefit plan administered by the City. Employees of the Miscellaneous bargaining group and other non-represented employees, who retire from the City with ten years or more of contiguous City service, are eligible for a Post-Retirement Health Benefit for themselves and spouse or child or children. This benefit is finite in nature and provides for the cost of benefits for one year only. This cost is computed at the rate of the current health care premiums and the current dental premiums, in place at the time of retirement.

Eligibility

Employees of the City are eligible for retiree health benefits if they retire within 120 days of their separation date. Membership in the plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Active employees	5
Transferred and terminated employees	-
Retired employees and beneficiaries	32
Total	<u>37</u>

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Other Post Employment Health Benefits (Continued)

A. General Information about OPEB (Continued)

Contributions

The contribution requirements of plan members and the City are established and may be amended by the City Council. These benefits are for employees who have worked for the City for a period of ten years and are at least 50 years of age when they separate from the service of the City, and were employed by the City on July 1, 2004. Employees hired after July 1, 2004 are not eligible for the retiree medical benefits under the plan. The table below is a summary of the retiree medical benefits.

<u>Description</u>	
Benefit Types Provided	Medical Only
Duration of Benefits	Lifetime
Required Service	10 Years
Minimum Age	50
Dependent Coverage	No
City Contribution %	100%
City Cap	\$900 Per Month ⁽¹⁾

⁽¹⁾ Former City Correctional Facility employees have a cap of \$420 per month.

B. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The total OPEB liability at June 30, 2020 was \$3,708,366.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:

Discount Rate	3.13%
Inflation	2.50%
Aggregate payroll increases	2.75%
Expected long-term investment rate of return	n/a
Mortality, Termination, and Disability	CalPERS 1997-2015 Experience Study
Mortality Improvement Scale	Modified projected fully generational with Scale MP-2017
Healthcare Trend Rate - Non-Medicare	An annual healthcare cost trend rate of 7.0% initially reduced by decrements to an ultimate of 3.8% in 2076.
Healthcare Trend Rate - Medicare	An annual healthcare cost trend rate of 4.0% initially reduced by decrements to an ultimate of 3.8% in 2076.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Other Post Employment Health Benefits (Continued)

B. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2019.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.13 percent. The City's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date. Currently, the City is under a pay-as-you-go method, and the CARHP has no fiduciary net position.

Change in the Total OPEB Liability

	Net OPEB Liability
Balance at June 30, 2018	\$ 2,067,483
Changes Recognized for the Measurement Period:	
Service Cost	23,074
Interest on the total OPEB liability	71,904
Changes of benefit terms	-
Difference between expected and actual experience	532,100
Changes of assumptions	1,222,332
Benefit payments	(208,527)
Net Changes during July 1, 2018 to June 30, 2019	1,640,883
Balance at June 30, 2019 (Measurement Date)	<u>\$ 3,708,366</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount 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 discount rate that is 1-percentage-point lower (2.13 percent) or 1-percentage-point higher (4.13 percent) than the current discount rate:

Plan's Net OPEB Liability		
Discount Rate - 1% (2.13%)	Current Discount Rate (3.13%)	Discount Rate + 1% (4.13%)
\$ 4,168,010	\$ 3,708,366	\$ 3,324,491

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

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 healthcare cost trend rates that are 1-percentage-point lower (6.0 percent decreasing to 3.8 percent) or 1-percentage-point higher (8.0 percent decreasing to 3.8 percent) than the current healthcare cost trend rates:

Plan's Net OPEB Liability		
Trend Rate - 1% (6.00%)	Healthcare Cost Trend Rates (7.00%)	Trend Rate + 1% (8.00%)
\$ 3,354,391	\$ 3,708,366	\$ 4,121,865

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 11 – Other Post Employment Health Benefits (Continued)

B. Total OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$1,836,995. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Employer contributions made subsequent to the measurement date	\$ 199,232	\$ -
Total	<u>\$ 199,232</u>	<u>\$ -</u>

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five year period. The remaining gains and losses are amortized over the expected average remaining service life. The expected average remaining service life is 0.8 years, which was determined as of June 30, 2018, the beginning of the measurement period, for employees covered by the OPEB plan benefit terms as of the valuation date.

OPEB Plan Fiduciary Net Position

Currently, the City is under a pay-as-you-go method, and the CARHP has no fiduciary net position.

Note 12 – Risk Management and Self-Insurance

In 2020, the City became a member of Independent Cities Risk Management Authority (ICRMA). ICRMA was established in 1980 to provide excess insurance coverage, risk management, and self-insurance services for California cities. ICRMA is a Joint Powers Authority directed by a governing board consisting of one representative from each member city and membership is currently at fifteen member cities.

ICRMA liability program for members provide coverage up to \$37 million per occurrence. ICRMA members participate in risk sharing pools for losses up to \$3 million and The City's retained limit at \$250,000.

The ICRMA workers' compensation program combines self-funding and group purchased excess insurance. The ICRMA program covers \$2 million per occurrence and \$1.5 million buffer per occurrence with The City's retained limit at \$350,000.

The City participates in the property, auto, equipment, cyber, crime insurance, and terrorism insurance program offered by ICRMA. The property coverage limit is \$250 million with a \$250,000 deductible per occurrence. The auto coverage limit is \$10 million with a \$25,000 deductible per occurrence. The equipment coverage is \$250 million with a \$10,000 deductible per occurrence. The cyber insurance coverage limit is \$3 million per member and a pooled aggregate of \$10 million with a \$15,000 deductible per occurrence. The City's participation in crime and terrorism insurance includes coverage limits of \$5 million and \$10 million per occurrence with deductibles of \$25,000 and \$25,000, respectively.

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 12 – Risk Management and Self-Insurance (Continued)

Under the liability programs risk-sharing pool, each member's share of total claims liabilities, including IBNR's, is determined by the application of risk factors to specific characteristics of each member which provides the relative share of each member in total losses of ICRMA. These losses are paid from premiums charged to the members which are established at levels to fund all claims costs. The claims liability is estimated based on actuarial studies of the liability and workers' compensation program using a 2% discount rate.

Changes in the balances of claims liabilities during the past three years are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2017-2018	\$ 217,068	\$ 12,157	\$ (66,039)	\$ 163,186
2018-2019	163,186	184,347	(55,454)	292,079
2019-2020	292,079	291,803	(270,314)	313,568

Note 13 – Classification of Fund Balances

At June 30, 2020, fund balances are classified as follows:

	General Fund	Nonmajor Governmental Funds	Total
Nonspendable:			
Advances to Fiduciary Funds	\$ 2,915,695	\$ -	\$ 2,915,695
Advances to other funds	595,870	-	595,870
Total nonspendable	<u>3,511,565</u>	<u>-</u>	<u>3,511,565</u>
Restricted:			
Development	-	7,664,524	7,664,524
Streets and roads	-	5,888,988	5,888,988
Air quality management	-	133,640	133,640
Law enforcement	-	322,853	322,853
Public safety	-	163,236	163,236
Community development	-	641,531	641,531
Lighting and landscape maintenance	-	370,561	370,561
Total restricted	<u>-</u>	<u>15,185,333</u>	<u>15,185,333</u>
Unassigned (deficit)	<u>(1,802,671)</u>	<u>(1,093,167)</u>	<u>(2,895,838)</u>
Total	<u>\$ 1,708,894</u>	<u>\$ 14,092,166</u>	<u>\$ 15,801,060</u>

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 14 – Net Investment in Capital Assets

Net Investment in Capital Assets at June 30, 2020, consisted of the following:

	Governmental Activities	Business-Type Activities
Net investment in capital assets:		
Capital assets, nondepreciable	\$ 16,986,300	\$ 8,151,537
Capital assets, depreciable, net	55,713,617	51,609,443
Unspent bond proceeds - Cash with fiscal agent	-	8,270,423
Deferred amount on refunding	-	9,493,807
Long-term debt:		
Note Payable	140,000	-
2014A Fixed Rate Revenue Bonds	-	(10,712,166)
2017A Fixed Rate Refunding Bonds	-	(32,123,317)
2017B Fixed Rate Refunding Bonds	-	(38,210,737)
Total net investment in capital assets	<u>\$ 72,839,917</u>	<u>\$ (3,521,010)</u>

Note 15 – Other Required Disclosures

A. Deficit Net Position/Fund Balances

At June 30, 2020, the Governmental Activities Statement of Net Position had an unrestricted net position deficit of \$(3,406,631).

At June 30, 2020, the following funds had deficit fund balance, which will be eliminated upon receipt of unbilled grant reimbursements or transfers from the General Fund:

Fund	Fund Type	Deficit
Federal Grants Special Revenue Fund	Special Revenue Fund	\$ (280,570)
State and County Grants Special Revenue Fund	Special Revenue Fund	(760,608)
Community Development Block Grant Special Revenue Fund	Special Revenue Fund	(50,584)
Traffic Offender Special Revenue Fund	Special Revenue Fund	(1,405)

B. Expenditures Exceeding Appropriations

For the year ended June 30, 2020, expenditures exceeded appropriations in the following funds:

Fund	Excess Expenditures
Gas Tax Special Revenue Fund	\$ 247
TDA Article 8 Special Revenue Fund	305
Road Maintenance & Rehabilitation SB-1 Special Revenue Fund	31
Federal Grants Special Revenue Fund	44,914
State and County Grants Special Revenue Fund	5,102
Public Safety 1/2 Cent Special Revenue Fund	60
Measure I 1990-2010 Special Revenue Fund	321

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 16 – Prior Period Adjustments

Fiduciary Fund Financial Statements

The beginning net position at July 1, 2019 of the Fiduciary Fund Financial Statements was restated as follows:

	Assessment District 1A	Community Facilities District 2006-2 Bond Fund	Total
Net position, as previously reported, at July 1, 2019	\$ -	\$ -	\$ -
To implement GASB 84	1,154,256	1,353,182	2,507,438
Net position at July 1, 2019, as restated	<u>\$ 1,154,256</u>	<u>\$ 1,353,182</u>	<u>\$ 2,507,438</u>

Note 17 – Commitments and Contingencies

General Litigation

In the normal course of operations, the City has been subjected to certain routine litigation matters. Except for the matters noted below, the City's litigation centers around contractor/developers, former employees and other operating matters. The City reported a litigation liability in the General Fund and Public Utility Authority of \$166,667 and \$333,334, respectively, related to two open cases regarding terminations. The City has a maximum liability of \$250,000 per case. In the opinion of management, the amount of losses that might be sustained, if any, from any remaining cases the City is subject to would not materially affect the financial position of the City.

Main Street, California, LLC

On February 27, 2019, the City entered into a settlement agreement with Main Street, California, LLC regarding the Public Facility Use Agreement dated as of August 22, 2012 for the right to occupy and use of the baseball stadium located at 12000 Stadium Way, Adelanto, California. As part of the settlement agreement, the City will pay Main Street, California, LLC \$3,800,000. Within 5 business days of the approval by the City and execution of the agreement, the City will make a payment of \$1,500,000. The remaining amounts will be paid over time with monthly payments of \$95,833 from March 1, 2019 to February 1, 2021. The outstanding balance was \$766,667 at June 30, 2020.

Grants

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

City of Adelanto
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2020

Note 17 – Commitments and Contingencies (Continued)

Other Matters

As of June 30, 2020, in the opinion of City Management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the City.

Note 18 - Subsequent Events

American Rescue Plan Act

On March, 2021, the American Rescue Plan Act was signed into law to provide \$65 billion of direct and flexible aid to cities and towns across the nation to provide substantial flexibility for each government to meet local needs—including support for households, small businesses, impacted industries, essential workers, and the communities hardest hit by the crisis. Based on the City’s population, the City was allocated \$8,145,245 and received in two installments starting July 2021.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Adelanto
Notes to the Required Supplementary Information
For the Year Ended June 30, 2020

1. Budgetary Information

Budgetary Policy and Control

The City Council has the responsibility for adoption of the City's budget. Budgets are adopted for most governmental funds. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments. The City Manager is authorized to transfer funds from one major expenditure category to another within the same department and fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

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

Budgeted revenue and expenditures amounts shown represent the City's originally-adopted legal budget, adjusted for unanticipated revenues and appropriations during the course of the fiscal year. Budget amounts, as adjusted, reported for the governmental funds of the City, as adopted, on a basis consistent with accounting principles generally accepted in the United States of America.

Budgets were adopted for all general, special revenue, capital projects, and debt service funds. The City did not prepare budgets for the expenditures of the Park Development Special Revenue Fund, Fire Mitigation Special Revenue Fund, and Police Asset Seizure Special Revenue Fund.

City of Adelanto
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 7,072,300	\$ 7,072,300	\$ 8,290,201	\$ 1,217,901
Licenses, permits and fees	2,122,530	2,122,530	2,964,328	841,798
Fines, forfeitures and penalties	166,300	166,300	154,743	(11,557)
Investment earnings	442,239	442,239	535,077	92,838
Charges for services	966,050	984,150	534,710	(449,440)
Intergovernmental revenues	18,000	18,000	67,309	49,309
Miscellaneous	20,000	20,000	41,666	21,666
Total revenues	10,807,419	10,825,519	12,588,034	1,762,515
EXPENDITURES:				
Current:				
General government:				
City council	138,086	141,086	129,292	11,794
Administration	615,712	710,399	567,054	143,345
Finance	1,068,689	927,733	821,703	106,030
City attorney	1,050,000	1,045,000	1,018,930	26,070
Human resources	181,170	175,839	137,951	37,888
Information technology	327,000	307,238	272,567	34,671
Non-department	719,736	859,311	1,297,791	(438,480)
Vehicle maintenance	171,499	177,458	172,533	4,925
Total general government	4,271,892	4,344,064	4,417,821	(73,757)
Public safety:				
Police	6,138,817	6,687,900	6,609,231	78,669
Fire	4,735,802	4,841,519	4,838,349	3,170
Code enforcement	282,547	290,108	312,070	(21,962)
Animal control	250,332	183,327	173,369	9,958
Total public safety	11,407,498	12,002,854	11,933,019	69,835
Public Works:				
Streets	412,766	144,923	44,212	100,711
Facility maintenance	299,464	72,875	23,081	49,794
LLMD	128,468	271,389	260,280	11,109
Building and safety	370,256	46,284	12,641	33,643
Engineering	351,000	15,952	102,154	(86,202)
Total public works	1,561,954	551,423	442,368	109,055

City of Adelanto
Budgetary Comparison Schedule (Continued)
General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES :				
Current:				
Community development:				
Planning and economic development	608,256	709,046	696,521	12,525
Total community development	<u>608,256</u>	<u>709,046</u>	<u>696,521</u>	<u>12,525</u>
Parks and recreation:				
Parks and grounds	1,944,809	1,867,274	548,599	1,318,675
Senior center	44,362	44,400	28,867	15,533
Community center	14,275	6,700	5,572	1,128
Total parks and recreation	<u>2,003,446</u>	<u>1,918,374</u>	<u>583,038</u>	<u>1,335,336</u>
Capital outlay	-	-	592,848	(592,848)
Total capital outlay	<u>-</u>	<u>-</u>	<u>592,848</u>	<u>(592,848)</u>
Debt service:				
Interest and fiscal charges	-	96	96	-
Total debt service	<u>-</u>	<u>96</u>	<u>96</u>	<u>-</u>
Total expenditures	<u>19,853,046</u>	<u>19,525,857</u>	<u>18,665,711</u>	<u>860,146</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,045,627)</u>	<u>(8,700,338)</u>	<u>(6,077,677)</u>	<u>2,622,661</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,547,000)	(1,403,033)	(6,706,425)	(5,303,392)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(5,303,392)</u>	<u>(5,303,392)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (9,045,627)</u>	<u>\$ (8,700,338)</u>	<u>(11,381,069)</u>	<u>\$ (2,680,731)</u>
FUND BALANCE:				
Beginning of year			13,089,963	
End of year			<u>\$ 1,708,894</u>	

City of Adelanto
Schedules of Proportionate Share of the Net Pension Liability/(Asset)
Last Ten Years
As of June 30, 2020

California Public Employees' Retirement System Defined Pension Plan - Miscellaneous Plan

Measurement period	2013-14 ¹	2014-15	2015-16	2016-17	2017-18	2018-19
City's proportion of the net pension liability (asset)	-0.00458%	-0.00929%	-0.00120%	0.00090%	-0.00057%	0.001410%
City's proportionate share of the net pension liability (asset)	\$ (285,241)	\$ (637,507)	\$ (104,151)	\$ 88,947	\$ (55,378)	\$ 144,716
City's covered payroll	\$2,992,415	\$1,823,881	\$1,651,349	\$2,011,038	\$2,684,367	\$2,144,959
City's proportionate share of the net pension liability as a percentage of its covered payroll	<u>-9.53%</u>	<u>-34.95%</u>	<u>-6.31%</u>	<u>4.42%</u>	<u>-2.06%</u>	<u>6.75%</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>103.66%</u>	<u>108.15%</u>	<u>101.25%</u>	<u>99.06%</u>	<u>100.53%</u>	<u>98.73%</u>

California Public Employees' Retirement System Defined Pension Plan - Safety Plan

Measurement period	2013-14 ¹	2014-15	2015-16	2016-17	2017-18	2018-19
City's proportion of the net pension liability	0.00238%	0.00181%	0.00125%	0.00124%	0.00130%	0.00126%
City's proportionate share of the net pension liability	\$ 148,254	\$ 124,441	\$ 108,439	\$ 123,272	\$ 125,424	\$ 129,386
City's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's proportionate share of the net pension liability as a percentage of its covered payroll	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>66.21%</u>	<u>70.88%</u>	<u>74.92%</u>	<u>73.38%</u>	<u>73.05%</u>	<u>72.26%</u>

¹ Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

City of Adelanto
Schedules of Contributions
Last Ten Years
As of June 30, 2020

California Public Employees' Retirement System Defined Pension Plan - Miscellaneous Plan

Fiscal year	2013-14 ¹	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Actuarially determined contribution	\$ 169,801	\$ 137,427	\$ 117,014	\$ 142,700	\$ 189,851	\$ 190,621	\$ 163,909
Contributions in relation to the actuarially determined contribution	(169,801)	(137,427)	(117,014)	(142,700)	(189,851)	(190,657)	(163,909)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (36)	\$ -
Covered payroll ²	\$ 2,992,415	\$ 1,823,881	\$ 1,651,349	\$ 2,011,038	\$ 2,684,367	\$ 2,144,959	\$ 2,203,945
Contributions as a percentage of covered payroll. ²	5.67%	7.53%	7.09%	7.10%	7.07%	8.89%	7.44%

California Public Employees' Retirement System Defined Pension Plan - Safety Plan

Fiscal year	2013-14 ¹	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Actuarially determined contribution	\$ 44,884	\$ 45,965	\$ 3,936	\$ 4,794	\$ 9,117	\$ 11,534	\$ 11,403
Contributions in relation to the actuarially determined contribution	(44,884)	(45,965)	(3,943)	(4,796)	(9,148)	(11,561)	(11,403)
Contribution deficiency (excess)	\$ -	\$ -	\$ (7)	\$ (2)	\$ (31)	\$ (27)	\$ -
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll. ²	n/a	n/a	n/a	n/a	n/a	n/a	n/a

¹ Historical information is presented only for measurement periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it becomes available.

² The City currently does not have any safety employees. The Safety Plan represents former safety employees.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were derived from the June 30, 2017 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Asset valuation method	15 year smoothed market
Inflation	2.75%
Salary increases	varies by entry age and service
Payroll Growth	3.00%
Investment rate of return	7.65%
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries

City of Adelanto
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Ten Fiscal Years
As of June 30, 2020

Other Postemployment Benefits ("OPEB") Plan

Measurement period	2016-17 ¹	2017-18	2018-19
Total OPEB liability			
Service cost	\$ 22,912	\$ 23,571	\$ 23,074
Interest	72,802	73,383	71,904
Changes of benefit terms	-	-	-
Differences between expected and actual experience	56,642	(15,328)	532,100
Changes of assumptions	(98,357)	(12,607)	1,222,332
Benefit payments, including refunds of employee contributions	(81,502)	(78,595)	(208,527)
Net change in total pension liability	(27,503)	(9,576)	1,640,883
Total OPEB liability - beginning	2,104,562	2,077,059	2,067,483
Total OPEB liability - ending (a)	<u>\$ 2,077,059</u>	<u>\$ 2,067,483</u>	<u>\$ 3,708,366</u>
OPEB fiduciary net position			
Contributions - employer	\$ -	\$ -	\$ -
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	-	-
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan net OPEB liability - ending (a) - (b)	<u>\$ 2,077,059</u>	<u>\$ 2,067,483</u>	<u>\$ 3,708,366</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered payroll	<u>\$ 1,024,839</u>	<u>\$ 1,053,022</u>	<u>\$ 448,167</u>
Plan net OPEB liability as a percentage of covered payroll	<u>202.67%</u>	<u>196.34%</u>	<u>827.45%</u>

¹ Historical information is presented only for measurement periods after GASB 75 implementation in fiscal year of 2017-18 (measurement period of 2016-17). Additional years of information will be displayed as it becomes available.

Notes to Schedule:

Changes of Assumptions: In 2019, the accounting discount rate decreased to 3.13 percent from 3.65 from 2018. In 2018, the accounting discount rate increased from 3.56 percent to 3.65 percent from 2017.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

Park Development Impact - Accounts for the receipts and expenditures of park impact fees charged to new development.

Drainage Impact - Accounts for the receipts and expenditures of drainage impact fees charged to new development. Moneys are used for new drainage facilities.

Traffic Impact - Accounts for the receipt and expenditures of traffic impact fees charged to new development.

Fire Mitigation Impact - Accounts for the receipts and expenditures of fire mitigation fees charged to new development. Moneys are used to pay for fire safety and prevention services.

Gas Tax - Accounts for the receipt and expenditure of State Highway Users Tax funds. The funds are to be used for street related purposes.

TDA Article 8 - Accounts for the receipts and expenditures of local transportation funds received from SANBAG. Funds are spent on street related purposes.

Road Maintenance & Rehabilitation SB-1 - Accounts for the receipts and expenditures of the road maintenance and rehabilitation account (RMRA) under SB-1.

Federal Grants - Accounts for the receipts and expenditures of miscellaneous federal grants and related expenditures.

State/County Grants - Accounts for the receipts and expenditures of miscellaneous State and County grants and related expenditures.

Community Development Block Grant - Accounts for the receipts and expenditures of the Federal Housing and Urban Development Department (through the County of San Bernardino) to be spent in low/moderate income areas of the City.

AQMD/California AB Distributions - Accounts for the receipts and expenditures of the Mojave Air Quality Management District allocations. Funds are spent on air-pollution reduction programs.

Police Asset Seizure - Accounts for the receipts and expenditures of state allocated funds to fund special education programs.

Public Safety ½ Cent - Accounts for the receipts and expenditures of State sales tax Public Safety Augmentation Fund moneys. The money is transferred to the General Fund for increased public safety expenditures.

Traffic Offender - Accounts for the receipts and expenditures of vehicle release fees and is used for traffic patrol purposes.

COPS Grant - Accounts for the receipts and expenditures of the State Citizens Option for Public Safety (COPS) Grant Program and is used for police overtime purposes.

Measure I 1990-2010 - Accounts for the receipts and expenditures of the County's 1/2 cent sales tax revenues. This portion of the funds must be spent on arterial road projects.

Measure I 70% Local - Accounts for the receipts and expenditures of the state allocated ½ cent sales tax revenues. This portion is used to fund freeway and traffic congestion mitigation projects.

Community Facilities District - Accounts for the receipts and expenditures of the special tax levy placed on certain tracts to pay for public safety services and other improvements.

Landscaping and Lighting Maintenance District Annexation - Accounts for the receipts and expenditures of the special tax levy placed on certain tracts to pay for landscaping improvements and lighting expense.

Capital Project Fund:

Capital Improvement Projects – Accounts for the receipts and expenditures of the City's miscellaneous improvement projects.

City of Adelanto
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds				
	Park Development Impact	Drainage Impact	Traffic Impact	Fire Mitigation Impact	Gas Tax
ASSETS					
Cash and investments	\$ 1,586,933	\$ 3,488,591	\$ 1,934,314	\$ 277,409	\$ 696,419
Cash and investments with fiscal agents	-	-	-	-	-
Accounts receivable, net	-	-	697,787	99,123	-
Interest receivable	4,145	16,074	5,639	589	3,156
Intergovernmental receivable	-	-	-	-	-
Advances to other funds	-	2,075,169	-	-	-
Total assets	\$ 1,591,078	\$ 5,579,834	\$ 2,637,740	\$ 377,121	\$ 699,575
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 3,525	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	-	-	3,525	-	-
Deferred Inflows of Resources:					
Unavailable revenues - taxes	-	-	-	-	-
Unavailable revenues - developer fees	-	-	697,787	99,123	-
Unavailable revenue - intergovernmental	-	-	-	-	-
Total deferred inflows of resources	-	-	697,787	99,123	-
Fund Balances:					
Restricted	1,591,078	5,579,834	1,936,428	277,998	699,575
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficits)	1,591,078	5,579,834	1,936,428	277,998	699,575
Total liabilities, deferred inflows of resources and fund balances	\$ 1,591,078	\$ 5,579,834	\$ 2,637,740	\$ 377,121	\$ 699,575

(Continued)

City of Adelanto
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds				
	TDA Article 8	Road Maintenance & Rehabilitation SB-1	Federal Grants	State/County Grants	Community Development Block Grant
ASSETS					
Cash and investments	\$ 1,379,369	\$ 291,233	\$ -	\$ -	\$ -
Cash and investments with fiscal agents	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Interest receivable	3,641	527	-	-	-
Intergovernmental receivable	449,930	92,929	-	712,000	30,546
Advances to other funds	-	-	-	-	-
Total assets	<u>\$ 1,832,940</u>	<u>\$ 384,689</u>	<u>\$ -</u>	<u>\$ 712,000</u>	<u>\$ 30,546</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 96,816	\$ 35,487	\$ 19,705
Due to other funds	-	-	183,754	725,121	45,681
Total liabilities	<u>-</u>	<u>-</u>	<u>280,570</u>	<u>760,608</u>	<u>65,386</u>
Deferred Inflows of Resources:					
Unavailable revenues - taxes	-	-	-	-	-
Unavailable revenues - developer fees	-	-	-	-	-
Unavailable revenue - intergovernmental	449,930	-	-	712,000	15,744
Total deferred inflows of resources	<u>449,930</u>	<u>-</u>	<u>-</u>	<u>712,000</u>	<u>15,744</u>
Fund Balances:					
Restricted	1,383,010	384,689	-	-	-
Unassigned (deficit)	-	-	(280,570)	(760,608)	(50,584)
Total fund balances (deficits)	<u>1,383,010</u>	<u>384,689</u>	<u>(280,570)</u>	<u>(760,608)</u>	<u>(50,584)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,832,940</u>	<u>\$ 384,689</u>	<u>\$ -</u>	<u>\$ 712,000</u>	<u>\$ 30,546</u>

(Continued)

City of Adelanto
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds				
	AQMD/ California AB Distractions	Police Asset Seizure	Public Safety 1/2 Cent	Traffic Offender	COPS Grant
ASSETS					
Cash and investments	\$ 133,640	\$ 16,380	\$ 153,149	\$ 2,000	\$ 305,211
Cash and investments with fiscal agents	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Interest receivable	-	-	-	-	1,262
Intergovernmental receivable	-	-	10,087	-	56,806
Advances to other funds	-	-	-	-	-
Total assets	<u>\$ 133,640</u>	<u>\$ 16,380</u>	<u>\$ 163,236</u>	<u>\$ 2,000</u>	<u>\$ 363,279</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	3,405	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,405</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable revenues - taxes	-	-	-	-	-
Unavailable revenues - developer fees	-	-	-	-	-
Unavailable revenue - intergovernmental	-	-	-	-	56,806
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,806</u>
Fund Balances:					
Restricted	133,640	16,380	163,236	-	306,473
Unassigned (deficit)	-	-	-	(1,405)	-
Total fund balances (deficits)	<u>133,640</u>	<u>16,380</u>	<u>163,236</u>	<u>(1,405)</u>	<u>306,473</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 133,640</u>	<u>\$ 16,380</u>	<u>\$ 163,236</u>	<u>\$ 2,000</u>	<u>\$ 363,279</u>

(Continued)

City of Adelanto
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds				
	Measure I 1990-2010	Measure I 70% Local	Community Facilities District	LLMD Annexation	Mavericks Stadium
ASSETS					
Cash and investments	\$ 351,726	\$ 1,032,819	\$ 640,019	\$ 367,739	\$ -
Cash and investments with fiscal agents	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Interest receivable	871	4,234	1,512	854	-
Intergovernmental receivable	-	160,658	-	1,968	-
Advances to other funds	-	-	-	-	-
Total assets	\$ 352,597	\$ 1,197,711	\$ 641,531	\$ 370,561	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 2,042	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	-	2,042	-	-	-
Deferred Inflows of Resources:					
Unavailable revenues - taxes	-	62,980	-	-	-
Unavailable revenues - developer fees	-	-	-	-	-
Unavailable revenue - intergovernmental	-	-	-	-	-
Total deferred inflows of resources	-	62,980	-	-	-
Fund Balances:					
Restricted	352,597	1,132,689	641,531	370,561	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficits)	352,597	1,132,689	641,531	370,561	-
Total liabilities, deferred inflows of resources and fund balances	\$ 352,597	\$ 1,197,711	\$ 641,531	\$ 370,561	\$ -

(Continued)

City of Adelanto
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2020

	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS		
Cash and investments	\$ -	\$ 12,656,951
Cash and investments with fiscal agents	215,614	215,614
Accounts receivable, net	-	796,910
Interest receivable	-	42,504
Intergovernmental receivable	-	1,514,924
Advances to other funds	-	2,075,169
Total assets	<u>\$ 215,614</u>	<u>\$ 17,302,072</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 157,575
Due to other funds	-	957,961
Total liabilities	<u>-</u>	<u>1,115,536</u>
Deferred Inflows of Resources:		
Unavailable revenues - taxes	-	62,980
Unavailable revenues - developer fees	-	796,910
Unavailable revenue - intergovernmental	-	1,234,480
Total deferred inflows of resources	<u>-</u>	<u>2,094,370</u>
Fund Balances:		
Restricted	215,614	15,185,333
Unassigned (deficit)	-	(1,093,167)
Total fund balances (deficits)	<u>215,614</u>	<u>14,092,166</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 215,614</u>	<u>\$ 17,302,072</u>

(Concluded)

City of Adelanto
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds				
	Park Development Impact	Drainage Impact	Traffic Impact	Fire Mitigation Impact	Gas Tax
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	16,953	57,647	20,325	3,281	8,836
Developer fees	182,070	162,506	333,945	17,364	-
Intergovernmental revenues	-	-	-	-	766,522
Total revenues	199,023	220,153	354,270	20,645	775,358
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	1,735	501	43	927,247
Community development	-	-	-	-	-
Parks and recreation	345	-	-	-	-
Capital outlay	-	-	75,567	-	-
Debt service:					
Interest and fiscal charges	7,000	-	-	-	-
Total expenditures	7,345	1,735	76,068	43	927,247
REVENUES OVER (UNDER) EXPENDITURES	191,678	218,418	278,202	20,602	(151,889)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGES IN FUND BALANCES	191,678	218,418	278,202	20,602	(151,889)
FUND BALANCES (DEFICITS):					
Beginning of year	1,399,400	5,361,416	1,658,226	257,396	851,464
End of year	<u>\$ 1,591,078</u>	<u>\$ 5,579,834</u>	<u>\$ 1,936,428</u>	<u>\$ 277,998</u>	<u>\$ 699,575</u>

(Continued)

City of Adelanto
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds				
	TDA Article 8	Road Maintenance & Rehabilitation SB-1	Federal Grants	State/County Grants	Community Development Block Grant
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	15,870	3,117	-	-	-
Developer fees	-	-	-	-	-
Intergovernmental revenues	-	608,551	13,049	8,926	388,243
Total revenues	15,870	611,668	13,049	8,926	388,243
EXPENDITURES:					
Current:					
General government	-	-	33,513	-	-
Public safety	-	-	25,470	-	-
Public works	20,305	580,031	200,679	53,602	-
Community development	-	-	-	-	29,678
Parks and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	394,099
Debt service:					
Interest and fiscal charges	-	-	-	-	-
Total expenditures	20,305	580,031	259,662	53,602	423,777
REVENUES OVER (UNDER) EXPENDITURES	(4,435)	31,637	(246,613)	(44,676)	(35,534)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGES IN FUND BALANCES	(4,435)	31,637	(246,613)	(44,676)	(35,534)
FUND BALANCES (DEFICITS):					
Beginning of year	1,387,445	353,052	(33,957)	(715,932)	(15,050)
End of year	<u>\$ 1,383,010</u>	<u>\$ 384,689</u>	<u>\$ (280,570)</u>	<u>\$ (760,608)</u>	<u>\$ (50,584)</u>

(Continued)

City of Adelanto
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

Special Revenue Funds

	AQMD/ California AB Distributions	Police Asset Seizure	Public Safety 1/2 Cent	Traffic Offender	COPS Grant
REVENUES:					
Taxes	\$ -	\$ -	\$ 160,967	\$ -	\$ -
Investment earnings	154	19	161	7	2,769
Developer fees	-	-	-	112	-
Intergovernmental revenues	-	-	-	-	156,422
Total revenues	154	19	161,128	119	159,191
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	7	144,060	3	100,112
Public works	55	-	-	-	-
Community development	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Interest and fiscal charges	-	-	-	-	-
Total expenditures	55	7	144,060	3	100,112
REVENUES OVER (UNDER) EXPENDITURES	99	12	17,068	116	59,079
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGES IN FUND BALANCES	99	12	17,068	116	59,079
FUND BALANCES (DEFICITS):					
Beginning of year	133,541	16,368	146,168	(1,521)	247,394
End of year	<u>\$ 133,640</u>	<u>\$ 16,380</u>	<u>\$ 163,236</u>	<u>\$ (1,405)</u>	<u>\$ 306,473</u>

(Continued)

City of Adelanto
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds				
	Measure I 1990-2010	Measure I 70% Local	Community Facilities District	LLMD Annexation	Mavericks Stadium
REVENUES:					
Taxes	\$ -	\$ 763,607	\$ 12,407	\$ 223,085	\$ -
Investment earnings	13,099	18,352	6,703	3,825	-
Developer fees	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-
Total revenues	13,099	781,959	19,110	226,910	-
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	321	102,411	20,000	162,279	-
Community development	-	-	10,905	-	-
Parks and recreation	-	-	-	-	-
Capital outlay	2,000,000	1,708,338	-	-	-
Debt service:					
Interest and fiscal charges	-	-	-	-	-
Total expenditures	2,000,321	1,810,749	30,905	162,279	-
REVENUES OVER (UNDER) EXPENDITURES	(1,987,222)	(1,028,790)	(11,795)	64,631	-
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	5,303,392
Total other financing sources (uses)	-	-	-	-	5,303,392
NET CHANGES IN FUND BALANCES	(1,987,222)	(1,028,790)	(11,795)	64,631	5,303,392
FUND BALANCES (DEFICITS):					
Beginning of year	2,339,819	2,161,479	653,326	305,930	(5,303,392)
End of year	\$ 352,597	\$ 1,132,689	\$ 641,531	\$ 370,561	\$ -

(Continued)

City of Adelanto
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	Capital Improvement Projects	
REVENUES:		
Taxes	\$ -	\$ 1,160,066
Investment earnings	3,088	174,206
Developer fees	-	695,997
Intergovernmental revenues	-	1,941,713
Total revenues	<u>3,088</u>	<u>3,971,982</u>
EXPENDITURES:		
Current:		
General government	-	33,513
Public safety	-	269,652
Public works	-	2,069,209
Community development	-	40,583
Parks and recreation	-	345
Capital outlay	-	4,178,004
Debt service:		
Interest and fiscal charges	-	7,000
Total expenditures	<u>-</u>	<u>6,598,306</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>3,088</u>	<u>(2,626,324)</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	-	5,303,392
Total other financing sources (uses)	<u>-</u>	<u>5,303,392</u>
NET CHANGES IN FUND BALANCES	3,088	2,677,068
FUND BALANCES (DEFICITS):		
Beginning of year	212,526	11,415,098
End of year	<u>\$ 215,614</u>	<u>\$ 14,092,166</u>

(Concluded)

City of Adelanto
Combining Balance Sheet
General Fund
June 30, 2020

	General Fund	Mavericks Stadium Fund	Eliminations	Total General Fund
ASSETS				
Cash and investments	\$ 1,222,966	\$ -	\$ -	\$ 1,222,966
Cash and investments with fiscal agents	27,068	-	-	27,068
Accounts receivable, net	48,957	8,832	-	57,789
Intergovernmental receivable	519,620	-	-	519,620
Due from other funds	1,229,439	-	(271,478)	957,961
Deposits	579,178	-	-	579,178
Advances to Fiduciary Funds	2,915,695	-	-	2,915,695
Advances to other funds	5,651,872	-	(3,094,853)	2,557,019
Total assets	<u>\$ 12,194,795</u>	<u>\$ 8,832</u>	<u>\$ (3,366,331)</u>	<u>\$ 8,837,296</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 885,727	\$ 2,560	\$ -	\$ 888,287
Accrued liabilities	73,201	-	-	73,201
Litigation liability	-	766,667	-	766,667
Due to other funds	-	271,478	(271,478)	-
Deposit payable	667,917	8,060	-	675,977
Advances from other funds	4,724,270	3,094,853	(3,094,853)	4,724,270
Total liabilities	<u>6,351,115</u>	<u>4,143,618</u>	<u>(3,366,331)</u>	<u>7,128,402</u>
Fund balances:				
Nonspendable	6,606,418	-	(3,094,853)	3,511,565
Unassigned (deficit)	(762,738)	(4,134,786)	3,094,853	(1,802,671)
Total fund balances (deficits)	<u>5,843,680</u>	<u>(4,134,786)</u>	<u>-</u>	<u>1,708,894</u>
Total liabilities and fund balances	<u>\$ 12,194,795</u>	<u>\$ 8,832</u>	<u>\$ (3,366,331)</u>	<u>\$ 8,837,296</u>

City of Adelanto
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2020

	General Fund	Mavericks Stadium Fund	Eliminations	Total General Fund
REVENUES:				
Taxes	\$ 8,290,201	\$ -	\$ -	\$ 8,290,201
Licenses, permits and fees	2,964,328	-	-	2,964,328
Fines and forfeitures	154,743	-	-	154,743
Investment earnings	534,680	30	-	534,710
Charges for services	444,771	90,306	-	535,077
Intergovernmental	67,309	-	-	67,309
Miscellaneous	41,666	-	-	41,666
Total revenues	12,497,698	90,336	-	12,588,034
EXPENDITURES:				
Current:				
General government	4,417,821	-	-	4,417,821
Public safety	11,933,019	-	-	11,933,019
Public works	442,368	-	-	442,368
Community development	696,521	-	-	696,521
Parks and recreation	258,275	324,763	-	583,038
Capital outlay	592,848	-	-	592,848
Debt service:				
Interest and fiscal charges	96	-	-	96
Total expenditures	18,340,948	324,763	-	18,665,711
REVENUES OVER (UNDER) EXPENDITURES	(5,843,250)	(234,427)	-	(6,077,677)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,403,033	-	1,403,033
Transfers out	(1,403,033)	(5,303,392)	-	(6,706,425)
Total other financing sources (uses)	(1,403,033)	(3,900,359)	-	(5,303,392)
NET CHANGES IN FUND BALANCES	(7,246,283)	(4,134,786)	-	(11,381,069)
FUND BALANCES:				
Beginning of year	13,089,963	-	-	13,089,963
End of year	\$ 5,843,680	\$ (4,134,786)	\$ -	\$ 1,708,894

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City of Adelanto
Budgetary Comparison Schedule
Drainage Impact Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment earnings	\$ -	\$ 600	\$ 57,647	\$ 57,047
Developer fees	150,000	160,000	162,506	2,506
Total revenues	<u>150,000</u>	<u>160,600</u>	<u>220,153</u>	<u>59,553</u>
EXPENDITURES:				
Current:				
Public works	1,323,589	1,431,144	1,735	1,429,409
Total expenditures	<u>1,323,589</u>	<u>1,431,144</u>	<u>1,735</u>	<u>1,429,409</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,173,589)</u>	<u>\$ (1,270,544)</u>	218,418	<u>\$ 1,488,962</u>
FUND BALANCE:				
Beginning of year			5,361,416	
End of year			<u>\$ 5,579,834</u>	

City of Adelanto
Budgetary Comparison Schedule
Traffic Impact Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 20,325	\$ 20,325
Developer fees	300,000	300,000	333,945	33,945
Total revenues	<u>300,000</u>	<u>300,000</u>	<u>354,270</u>	<u>54,270</u>
EXPENDITURES:				
Current:				
Public works	-	-	501	(501)
Capital outlay	-	435,000	75,567	359,433
Total expenditures	<u>-</u>	<u>435,000</u>	<u>76,068</u>	<u>358,932</u>
NET CHANGE IN FUND BALANCE	<u>\$ 300,000</u>	<u>\$ (135,000)</u>	278,202	<u>\$ 413,202</u>
FUND BALANCE:				
Beginning of year			<u>1,658,226</u>	
End of year			<u>\$ 1,936,428</u>	

City of Adelanto
Budgetary Comparison Schedule
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment earnings	\$ 39,800	\$ 3,500	\$ 8,836	\$ 5,336
Intergovernmental revenues	887,356	887,356	766,522	(120,834)
Total revenues	<u>927,156</u>	<u>890,856</u>	<u>775,358</u>	<u>(115,498)</u>
EXPENDITURES:				
Current:				
Public works	927,000	927,000	927,247	(247)
Total expenditures	<u>927,000</u>	<u>927,000</u>	<u>927,247</u>	<u>(247)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 156</u>	<u>\$ (36,144)</u>	(151,889)	<u>\$ (115,745)</u>
FUND BALANCE:				
Beginning of year			851,464	
End of year			<u>\$ 699,575</u>	

City of Adelanto
Budgetary Comparison Schedule
TDA Article 8 Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 15,870	\$ 15,870
Total revenues	<u>-</u>	<u>-</u>	<u>15,870</u>	<u>15,870</u>
EXPENDITURES:				
Current:				
Public works	-	20,000	20,305	(305)
Total expenditures	<u>-</u>	<u>20,000</u>	<u>20,305</u>	<u>(305)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (20,000)</u>	(4,435)	<u>\$ 15,565</u>
FUND BALANCE:				
Beginning of year			1,387,445	
End of year			<u>\$ 1,383,010</u>	

City of Adelanto
Budgetary Comparison Schedule
Road Maintenance & Rehabilitation SB-1 Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 3,117	\$ 3,117
Intergovernmental revenues	580,036	580,036	608,551	28,515
Total revenues	<u>580,036</u>	<u>580,036</u>	<u>611,668</u>	<u>31,632</u>
EXPENDITURES:				
Current:				
Public works	580,000	580,000	580,031	(31)
Total expenditures	<u>580,000</u>	<u>580,000</u>	<u>580,031</u>	<u>(31)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 36</u>	<u>\$ 36</u>	31,637	<u>\$ 31,601</u>
FUND BALANCE:				
Beginning of year			353,052	
End of year			<u>\$ 384,689</u>	

City of Adelanto
Budgetary Comparison Schedule
Federal Grants Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ 213,049	\$ 13,049	\$ (200,000)
Total revenues	<u>-</u>	<u>213,049</u>	<u>13,049</u>	<u>(200,000)</u>
EXPENDITURES:				
Current:				
General government	-	40,700	33,513	7,187
Public safety	-	19,549	25,470	(5,921)
Public works	-	154,499	200,679	(46,180)
Total expenditures	<u>-</u>	<u>214,748</u>	<u>259,662</u>	<u>(44,914)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (1,699)</u>	(246,613)	<u>\$ (244,914)</u>
FUND BALANCE:				
Beginning of year			(33,957)	
End of year			<u>\$ (280,570)</u>	

City of Adelanto
Budgetary Comparison Schedule
State and County Grants Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ -	\$ 8,926	\$ 8,926	\$ -
Total revenues	<u>-</u>	<u>8,926</u>	<u>8,926</u>	<u>-</u>
EXPENDITURES:				
Current:				
Public works	-	48,500	53,602	(5,102)
Total expenditures	<u>-</u>	<u>48,500</u>	<u>53,602</u>	<u>(5,102)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (39,574)</u>	(44,676)	<u>\$ (5,102)</u>
FUND BALANCE:				
Beginning of year			(715,932)	
End of year			<u>\$ (760,608)</u>	

City of Adelanto
Budgetary Comparison Schedule
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Intergovernmental	\$ 1,040,000	\$ 550,000	\$ 388,243	\$ (161,757)
Total revenues	<u>1,040,000</u>	<u>550,000</u>	<u>388,243</u>	<u>(161,757)</u>
EXPENDITURES:				
Current:				
Community development	50,001	50,001	29,678	20,323
Capital outlay	<u>750,000</u>	<u>400,000</u>	<u>394,099</u>	<u>5,901</u>
Total expenditures	<u>800,001</u>	<u>450,001</u>	<u>423,777</u>	<u>26,224</u>
NET CHANGE IN FUND BALANCE	<u>\$ 239,999</u>	<u>\$ 99,999</u>	(35,534)	<u>\$ (135,533)</u>
FUND BALANCE:				
Beginning of year			(15,050)	
End of year			<u>\$ (50,584)</u>	

City of Adelanto
Budgetary Comparison Schedule
AQMD/California AB Distributions Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 154	\$ 154
Total revenues	<u>-</u>	<u>-</u>	<u>154</u>	<u>154</u>
EXPENDITURES:				
Current:				
Public works	12,000	12,000	55	11,945
Total expenditures	<u>12,000</u>	<u>12,000</u>	<u>55</u>	<u>11,945</u>
NET CHANGE IN FUND BALANCE	<u>\$ (12,000)</u>	<u>\$ (12,000)</u>	99	<u>\$ 12,099</u>
FUND BALANCE:				
Beginning of year			133,541	
End of year			<u>\$ 133,640</u>	

City of Adelanto
Budgetary Comparison Schedule
Public Safety 1/2 Cent Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 144,000	\$ 144,000	\$ 160,967	\$ 16,967
Investment earnings	-	-	161	161
Total revenues	<u>144,000</u>	<u>144,000</u>	<u>161,128</u>	<u>17,128</u>
EXPENDITURES:				
Current:				
Public safety	<u>144,000</u>	<u>144,000</u>	<u>144,060</u>	<u>(60)</u>
Total expenditures	<u>144,000</u>	<u>144,000</u>	<u>144,060</u>	<u>(60)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	17,068	<u>\$ 17,068</u>
FUND BALANCE:				
Beginning of year			<u>146,168</u>	
End of year			<u>\$ 163,236</u>	

City of Adelanto
Budgetary Comparison Schedule
Traffic Offender Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 7	\$ 7
Developer fees	2,000	2,000	112	(1,888)
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>119</u>	<u>(1,881)</u>
EXPENDITURES:				
Current:				
Public safety	2,000	2,000	3	1,997
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>3</u>	<u>1,997</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	116	<u>\$ 116</u>
FUND BALANCE:				
Beginning of year			(1,521)	
End of year			<u>\$ (1,405)</u>	

City of Adelanto
Budgetary Comparison Schedule
COPS Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 2,769	\$ 2,769
Intergovernmental revenues	100,000	146,500	156,422	9,922
Total revenues	<u>100,000</u>	<u>146,500</u>	<u>159,191</u>	<u>12,691</u>
EXPENDITURES:				
Current:				
Public safety	100,000	146,500	100,112	46,388
Total expenditures	<u>100,000</u>	<u>146,500</u>	<u>100,112</u>	<u>46,388</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	59,079	<u>\$ 59,079</u>
FUND BALANCE:				
Beginning of year			247,394	
End of year			<u>\$ 306,473</u>	

City of Adelanto
Budgetary Comparison Schedule
Measure I 1990-2010 Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 13,099	\$ 13,099
Total revenues	<u>-</u>	<u>-</u>	<u>13,099</u>	<u>13,099</u>
EXPENDITURES:				
Current:				
Public works	-	-	321	(321)
Capital outlay	2,000,000	2,000,000	2,000,000	-
Total expenditures	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,321</u>	<u>(321)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,000,000)</u>	<u>\$ (2,000,000)</u>	(1,987,222)	<u>\$ 12,778</u>
FUND BALANCE:				
Beginning of year			2,339,819	
End of year			<u>\$ 352,597</u>	

City of Adelanto
Budgetary Comparison Schedule
Measure I 70% Local Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 625,000	\$ 787,000	\$ 763,607	\$ (23,393)
Investment earnings	-	-	18,352	18,352
Total revenues	<u>625,000</u>	<u>787,000</u>	<u>781,959</u>	<u>(5,041)</u>
EXPENDITURES:				
Current:				
Public works	200,000	140,000	102,411	37,589
Capital outlay	<u>2,400,000</u>	<u>3,085,000</u>	<u>1,708,338</u>	<u>1,376,662</u>
Total expenditures	<u>2,600,000</u>	<u>3,225,000</u>	<u>1,810,749</u>	<u>1,414,251</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,975,000)</u>	<u>\$ (2,438,000)</u>	<u>(1,028,790)</u>	<u>\$ 1,409,210</u>
FUND BALANCE:				
Beginning of year			<u>2,161,479</u>	
End of year			<u>\$ 1,132,689</u>	

City of Adelanto
Budgetary Comparison Schedule
Community Facilities District Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ -	\$ 36,200	\$ 12,407	\$ (23,793)
Investment earnings	-	-	6,703	6,703
Total revenues	-	36,200	19,110	(17,090)
EXPENDITURES:				
Current:				
Public works	11,500	16,200	10,905	5,295
Total expenditures	11,500	16,200	10,905	5,295
NET CHANGE IN FUND BALANCE	<u>\$ (11,500)</u>	<u>\$ 20,000</u>	8,205	<u>\$ (11,795)</u>
FUND BALANCE:				
Beginning of year			653,326	
End of year			<u>\$ 661,531</u>	

City of Adelanto
Budgetary Comparison Schedule
LLMD Annexation Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Taxes	\$ 175,000	\$ 215,705	\$ 223,085	\$ 7,380
Investment earnings	-	-	3,825	3,825
Total revenues	<u>175,000</u>	<u>215,705</u>	<u>226,910</u>	<u>11,205</u>
EXPENDITURES:				
Current:				
Public works	<u>175,000</u>	<u>213,850</u>	<u>162,279</u>	<u>51,571</u>
Total expenditures	<u>175,000</u>	<u>213,850</u>	<u>162,279</u>	<u>51,571</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 1,855</u>	64,631	<u>\$ 62,776</u>
FUND BALANCE:				
Beginning of year			<u>305,930</u>	
End of year			<u>\$ 370,561</u>	

FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST FUNDS

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City of Adelanto
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
June 30, 2020

	Luetke Foundation	Successor Agency	Total
ASSETS			
Cash and investments	\$ 37,805	\$ 10,159,050	\$ 10,196,855
Cash and investments with fiscal agents	-	5,949,552	5,949,552
Interest receivable	-	16,376	16,376
Notes receivable	-	542,355	542,355
Total assets	<u>37,805</u>	<u>16,667,333</u>	<u>16,705,138</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on debt refunding	-	310,773	310,773
Total deferred outflows of resources	<u>-</u>	<u>310,773</u>	<u>310,773</u>
LIABILITIES			
Current liabilities:			
Accounts payable	-	342,672	342,672
Interest payable	-	819,480	819,480
Bonds payable - due within one year	-	1,080,000	1,080,000
Loans payable - due within one year	-	798,939	798,939
Total current liabilities	<u>-</u>	<u>3,041,091</u>	<u>3,041,091</u>
Noncurrent liabilities:			
Advances from City	9,948	2,905,747	2,915,695
Bonds payable - due in more than one year	-	5,798,912	5,798,912
Loans payable - due in more than one year	-	23,837,666	23,837,666
Other long-term liabilities	-	42,814,293	42,814,293
Total noncurrent liabilities	<u>9,948</u>	<u>75,356,618</u>	<u>75,366,566</u>
Total liabilities	<u>9,948</u>	<u>78,397,709</u>	<u>78,407,657</u>
NET POSITION			
Restricted for:			
Individuals, organizations, and other governments	27,857	(61,419,603)	(61,391,746)
Total Net Position	<u>\$ 27,857</u>	<u>\$ (61,419,603)</u>	<u>\$ (61,391,746)</u>

City of Adelanto
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
For the Year Ended June 30, 2020

	Luetke Foundation	Successor Agency	Total
ADDITIONS:			
Property taxes	\$ -	\$ 5,244,491	\$ 5,244,491
Interest income	-	226,856	226,856
Total additions	-	5,471,347	5,471,347
DEDUCTIONS:			
Administration	-	83,149	83,149
Project payments	-	109,846	109,846
Interest expense	-	4,934,114	4,934,114
Total deductions	-	5,127,109	5,127,109
CHANGE IN NET POSITION	-	344,238	344,238
NET POSITION (DEFICIT):			
Beginning of year	27,857	(61,763,841)	(61,735,984)
End of year	\$ 27,857	\$ (61,419,603)	\$ (61,391,746)

FIDUCIARY FUNDS - CUSTODIAL FUNDS

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City of Adelanto
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2020

	Assessment District 1A	Community Facilities District 2006-2 Bond Fund	Total
ASSETS			
Cash and investments	\$ 1,157,960	\$ 451,397	\$ 1,609,357
Cash and investments with fiscal agents	-	925,275	925,275
Intergovernmental receivable	59	-	59
Interest receivable	-	2,765	2,765
Total assets	<u>1,158,019</u>	<u>1,379,437</u>	<u>2,537,456</u>
NET POSITION			
Restricted for:			
Individuals, organizations, and other governments	<u>1,158,019</u>	<u>1,379,437</u>	<u>2,537,456</u>
Total Net Position	<u><u>\$ 1,158,019</u></u>	<u><u>\$ 1,379,437</u></u>	<u><u>\$ 2,537,456</u></u>

City of Adelanto
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2020

	Assessment District 1A	Community Facilities District 2006-2 Bond Fund	Total
ADDITIONS:			
Special assessments for other governments	\$ 2,912	\$ 581,276	\$ 584,188
Interest income	1,326	19,741	21,067
Total additions	<u>4,238</u>	<u>601,017</u>	<u>605,255</u>
DEDUCTIONS:			
Administration	475	18,244	18,719
Payments on conduit bonds - principal	-	30,000	30,000
Payments on conduit bonds - interest	-	526,518	526,518
Total deductions	<u>475</u>	<u>574,762</u>	<u>575,237</u>
Changes in net position	3,763	26,255	30,018
NET POSITION:			
Beginning of year, as restated	1,154,256	1,353,182	2,507,438
End of year	<u><u>\$ 1,158,019</u></u>	<u><u>\$ 1,379,437</u></u>	<u><u>\$ 2,537,456</u></u>