

MEETING AGENDA

The City Council/Successor Agency of the City of Firebaugh

Vol. No.17/02-06

Location of Meeting: Andrew Firebaugh Community Center
1655 13th Street, Firebaugh, CA 93622
Date/Time: February 6, 2017/6:00 p.m.

CALL TO ORDER

ROLL CALL

Mayor Brady Jenkins
Mayor Pro Tem Felipe Perez
Council Member Marcia Sablan
Council Member Elsa Lopez
Council Member Freddy Valdez

In compliance with the Americans with Disabilities Act, if you need special assistance to access the Andrew Firebaugh Community Center to participate at this meeting, please contact the Deputy City Clerk at (559) 659-2043. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to the Andrew Firebaugh Community Center.

Any writing or documents provided to a majority of the City Council regarding any item on this agenda will be made available for public inspection at City Hall, in the Deputy City Clerk's office, during normal business hours.

PLEDGE OF ALLEGIANCE

PRESENTATION

- *Mr. Donald Reynolds, CPA, will present a review of the Annual Independent Auditor's Report for the period ending June 30, 2016.*
- *Mid- Year Budget Review for FY 16-17.*

PUBLIC COMMENT

CONSENT CALENDAR

Items listed on the calendar are considered routine and are acted upon by one motion unless any Council member requests separate action. Typical items include minutes, claims, adoption of ordinances previously introduced and discussed, execution of agreements and other similar items.

1. **APPROVAL OF MINUTES – The City Council regular meeting on January 23, 2017.**

PUBLIC HEARING

2. **ORDINANCE NO. 17-01 - AN ORDINANCE OF THE CITY OF FIREBAUGH ADDING SECTION 27-2 TO CHAPTER 27 OF THE FIREBAUGH MUNICIPAL CODE PERTAINING TO SPECIAL PROVISIONS APPLICABLE TO STATE VIDEO SERVICE FRANCHISE HOLDERS – SECOND READING.**

Recommended Action: Council receives public comment & takes action of Ord. No. 17-02.

3. **RESOLUTION NO. 17-03 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FIREBAUGH APPROVING THE 2016 FIREBAUGH BICYCLE TRANSPORTATION PLAN AND A NEGATIVE DECLARATION PREPARED FOR THE PLAN.**

Recommended Action: Council receives public comment & approves Res. No. 17-03.

NEW BUSINESS

4. **USE OF ANDREW FIREBAUGH COMMUNITY CENTER AND RODEO GROUNDS BY RIVER PARKWAY TRUST FOR CAMPING EVENT, IS REQUESTING WAIVER OR REDUCTION OF RENTAL FEES.**

Recommended Action: Council receives public comment & takes action.

5. **THE CITY COUNCIL OF THE CITY OF FIREBAUGH TO DISCUSS HEALTH INSURANCE FOR COUNCIL MEMBERS.**

Recommended Action: Council receives public comment & gives staff direction.

SUCCESSOR AGENCY

STAFF REPORTS

PUBLIC COMMENT ON CLOSED SESSION ITEM ONLY

CLOSED SESSION

6. **Government Code Section 54957.6**
CONFERENCE WITH LABOR NEGOTIATORS: ALL REPRESENTED AND UNREPRESENTED EMPLOYEES
City Negotiator: Ben Gallegos
Employee Organizations: Fire, Police & Public Works bargaining units and all unrepresented positions

7. **REAL ESTATE NEGOTIATION – Pursuant to Government Code Section #54956.8**

Owner or Designative Rep. City Negotiator Ben Gallegos APN:

8. **Government Code Section 54957**

PUBLIC EMPLOYEE APPOINTMENT/EMPLOYMENT: City Manager.

ANNOUNCEMENT AFTER CLOSED SESSION

ADJOURNMENT

Certification of posting the Agenda

I declare under penalty of perjury that I am employed by the City of Firebaugh and that I posted this agenda on the bulletin boards at City Hall, February 2, 2017 at 5:00 p.m. by Rita Lozano Deputy City Clerk.



STAFF REPORT

TO: Mayor Brady Jenkins and Council Members
FROM: Pio Martin, Finance Director
DATE: February 6, 2017
SUBJECT: Fiscal Year 2015- 2016 Audit

RECOMMENDATION:

Review and accept the FY 2015-16 audited financial statements and the auditor's report on compliance and internal control over financial accounting based on an audit of financial statements performed in accordance with Government Auditing Standards. In addition, direct staff to establish a trust account for Other Post Employment Benefits with CALPERS.

HISTORY:

Donald R. Reynolds, CPA has completed the FY 2015-16 audit of the City of Firebaugh. Mr. Reynolds will be present at the February 6, 2017 city council meeting to present and answer any questions regarding the audit.

DISCUSSION:

FISCAL IMPACT:

CITY OF FIREBAUGH,

CALIFORNIA

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED
JUNE 30, 2016**

**CITY OF FIREBAUGH, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
City Officials	I
FINANCIAL SECTION	
Independent Auditor's Report	1-3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities and Changes in Net Position	5
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	6
Reconciliation of the Governmental Fund Balances to the Government-Wide Statement of Net Position - Governmental Activities	7
Statement of Revenues, Expenditures, and Changes in Fund Balances.	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities -Governmental Activities	9
Proprietary Funds:	
Statement of Net Position	10
Statement of Revenues, Expenses, and Changes in Net Position	11
Statement of Cash Flows	12
Fiduciary Funds:	
Statement of Fiduciary Net Assets	13
Statement of Changes in Fiduciary Net Assets.	14
Notes to Basic Financial Statements.	15-45
Required Supplementary Information (Unaudited):	
Budgetary Comparison Schedule - Budgetary Basis - General Fund	46
Schedule of additional required disclosures.	47-50
Notes to Required Supplementary Information	51
Required Supplementary Information - Pension and OPEB.	52

**CITY OF FIREBAUGH, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS

	Page
Combining Nonmajor Fund Statements:	
Nonmajor Governmental Funds - Non-Major Special Revenue Funds:	
Combining Balance Sheet	53
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.	54
Schedule of Net Revenue Available for Debt Service.	55
 Other Report and Schedules:	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.	56-57

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INTRODUCTORY SECTION

City Officials

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**CITY OF FIREBAUGH, CALIFORNIA
CITY OFFICIAL
FOR THE YEAR ENDED JUNE 30, 2016**

**CITY COUNCIL
(Terms as of June 30, 2016)**

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Freddy Valdez	Mayor	2016
Brady Jenkins	Pro-Tem	2016
Craig Knight	Member	2016
Marcia Sablan	Member	2018
Felipe Perez	Member	2018

CITY CLERK

Vacant

CITY TREASURER

Vacant

ACTING CITY MANAGER

Ben Gallegos

FINANCE DIRECTOR

Pio Martin

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FINANCIAL SECTION

Independent Auditor's Report
Management Discussion and Analysis
Basic Financial Statements
Notes to the Basic Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To The Honorable Mayor and Members of the City Council
City of Firebaugh
Firebaugh, California

Report On the Financial Statements

I have audited the accompanying consolidated financial statements of City of Firebaugh (the City), which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I 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 consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1438 Oregon Street, P.O. Box 994508 Redding, CA 96099-4508 (530) 246-2834 fax (530) 244-0331

The Honorable Mayor and Members of the City Council
City of Firebaugh
Firebaugh, California

Opinion

In my 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 of Firebaugh, California, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 46, as well as the additional information on pages 47 through 52, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Firebaugh's basic financial statements. The accompanying combining schedules and schedule of net revenues available for debt service are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial

Honorable Mayor and Members of the City Council
City of Firebaugh
Firebaugh, California

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, those 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 January 5, 2017, on our consideration of the City of Firebaugh's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Firebaugh's internal control over financial reporting and compliance.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.



Donald R. Reynolds, CPA
Redding, California
January 5, 2017

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BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

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CITY OF FIREBAUGH, CALIFORNIA
STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 3,624,674	\$ 5,189,950	\$ 8,814,624
Accounts receivable (net of allowance)	135,177	62,043	197,220
Due from other governmental agencies	-	-	-
Interest receivable	-	-	-
Internal balances	(815,007)	815,007	-
Prepaid power	-	-	-
Loans receivable	2,079,313	-	2,079,313
Capital assets:			
Non-depreciable	137,047	203,705	340,752
Depreciable, net	1,515,113	16,586,212	18,101,325
Total capital assets	1,652,160	16,789,917	18,442,077
Total Assets	\$ 6,676,317	\$ 22,856,917	\$ 29,533,234
DEFERRED OUTFLOWS OF RESOURCES			
Pension contribution	\$ 370,132	\$ 356,723	\$ 726,855
LIABILITIES			
Accounts payable	109,632	57,307	166,939
Accrued salaries and benefits	94,133	-	94,133
Retention payable	-	-	-
Accrued interest payable	-	75,796	75,796
Deposits payable	10,922	76,480	87,402
Unearned revenue	-	-	-
OPEB Liability	2,077,140	-	2,077,140
Compensated absences			
Due within one year	8,443	36,373	44,816
Due in more than one year	146,355	-	146,355
Long-term liabilities:			
Due within one year	27,063	227,836	254,899
Net pension liability	2,282,718	554,769	2,837,487
Other	-	8,559,065	8,559,065
Total Liabilities	4,756,406	9,587,626	14,344,032
DEFERRED INFLOWS OF RESOURCES			
Pension adjustment	328,393	316,495	644,888
NET POSITION			
Invested in capital assets, net of related debt	1,625,097	8,003,016	9,628,113
Restricted for:			
Grants, taxes, and fees	-	-	-
Debt service	-	450,345	450,345
Unrestricted	336,552	4,856,158	5,192,710
Total Net Position	\$ 1,961,649	\$ 13,309,519	\$ 15,271,168

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

CITY OF FIREBAUGH, CALIFORNIA
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 192,063	\$ -	\$ -
Public ways and facilities	1,555,661	659,903	169,261
Public protection	2,235,571	240,413	89,662
Culture and recreation	309,333	149,988	291,753
Community development	-	-	-
Interest on long-term debt	2,681	-	-
Total Governmental Activities	4,295,309	1,050,304	550,676
Business-type activities:			
Sewer	1,151,534	1,544,985	-
Water	1,733,793	1,693,468	-
Airport	28,889	20,660	-
Total Business-Type Activities	2,914,216	3,259,113	-
Total	\$ 7,209,525	\$ 4,309,417	\$ 550,676

General revenues:

Taxes:
Property taxes
Sales and use taxes
Franchise taxes
Property transfer taxes
Grants and contributions - unrestricted
Interest and investment earnings
Miscellaneous
Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Prior period adjustment

Net Position - Beginning, Restated

Net Position - Ending

Net (Expense) Revenue and Changes in Net Position			
Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
\$ -	\$ (192,063)	\$ -	\$ (192,063)
441,995	(284,502)	-	(284,502)
-	(1,905,496)	-	(1,905,496)
-	132,408	-	132,408
-	-	-	-
-	(2,681)	-	(2,681)
441,995	(2,252,334)	-	(2,252,334)
-	-	393,451	393,451
-	-	(40,325)	(40,325)
-	-	(8,229)	(8,229)
-	-	344,897	344,897
\$ 441,995	(2,252,334)	344,897	(1,907,437)
	829,815	-	829,815
	573,445	-	573,445
	893,295	-	893,295
	258	-	258
	114,618	36,040	150,658
	2,712	6,214	8,926
	166,012	39,471	205,483
	(29,025)	-	(29,025)
	2,551,130	81,725	2,632,855
	298,796	426,622	725,418
	1,339,853	12,882,897	14,222,750
	323,000	-	323,000
	1,662,853	12,882,897	14,545,750
\$	\$ 1,961,649	\$ 13,309,519	\$ 15,271,168

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BASIC FINANCIAL STATEMENTS

Fund Financial Statements

CITY OF FIREBAUGH, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	<u>General Fund</u>	<u>Community Development</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 2,134,954	\$ -	\$ 1,489,720	\$ 3,624,674
Accounts receivable (net of allowance)	81,796	9,661	43,720	135,177
Due from other governmental agencies	-	-	-	-
Interest receivable	-	-	-	-
Due from other funds	22,768	-	-	22,768
Loans receivable	-	1,729,313	350,000	2,079,313
Total Assets	\$ <u>2,239,518</u>	\$ <u>1,738,974</u>	\$ <u>1,883,440</u>	\$ <u>5,861,932</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 54,625	\$ 9,575	\$ 45,433	\$ 109,633
Accrued salaries and benefits	94,133	-	-	94,133
Deposits payable	10,922	-	-	10,922
Due to other funds	815,007	13,161	9,607	837,775
Unearned revenue	-	-	-	-
Total Liabilities	<u>974,687</u>	<u>22,736</u>	<u>55,040</u>	<u>1,052,463</u>
DEFERRED INFLOWS OF RESOURCES				
Notes receivable	-	1,729,313	350,000	2,079,313
FUND BALANCES				
Reserved for:				
Loans receivable	-	-	-	-
Unreserved, reported in:				
General fund	-	-	-	-
Designated	-	(13,075)	-	(13,075)
Undesignated	1,048,860	-	-	1,048,860
Special revenue funds Undesignated	215,971	-	1,478,400	1,694,371
Total Fund Balances	<u>1,264,831</u>	<u>(13,075)</u>	<u>1,478,400</u>	<u>2,730,156</u>
Total Liabilities and Fund Balances	\$ <u>2,239,518</u>	\$ <u>1,738,974</u>	\$ <u>1,883,440</u>	\$ <u>5,861,932</u>

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

CITY OF FIREBAUGH, CALIFORNIA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF
NET POSITION - GOVERNMENTAL ACTIVITIES
June 30, 2016

Total Fund Balance - Total Governmental Funds	\$ 2,730,156
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Notes receivable are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds	2,079,313
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.	1,652,160
Deferred inflows and outflows of resources represent expenses that are not reflected in current operations	41,739
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Loans payable	(27,063)
Interest payable	-
Net Pension Liability - Governmental Funds	(2,282,718)
OPEB liability	(2,077,140)
Compensated absences	<u>(154,797)</u>
Net Position of Governmental Activities:	\$ <u>1,961,650</u>

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

CITY OF FIREBAUGH, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Community Development
REVENUES		
Taxes and assessments	\$ 1,549,049	\$ -
Licenses and permits	184,346	-
Fines and forfeitures	63,094	-
Use of money	1,022	-
Intergovernmental	771,228	9,661
Charges for services	733,410	-
Other revenues	101,464	-
Total Revenues	<u>3,403,613</u>	<u>9,661</u>
EXPENDITURES		
Current:		
General government	168,071	-
Public ways and facilities	582,918	22,736
Public protection	1,807,393	-
Culture and recreation	270,693	-
Community development	-	-
Debt service:		
Principal	26,375	-
Interest and other charges	2,681	-
Capital outlay	-	-
Total Expenditures	<u>2,858,131</u>	<u>22,736</u>
Excess of Revenues Over (Under) Expenditures	<u>545,482</u>	<u>(13,075)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	(12,326)	-
Total Other Financing Sources (Uses)	<u>(12,326)</u>	<u>-</u>
Net Change in Fund Balances	<u>533,156</u>	<u>(13,075)</u>
Fund Balances - Beginning	731,675	\$ -
Prior period adjustment	-	-
Fund Balances - Beginning, Restated	<u>731,675</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 1,264,831</u>	<u>\$ (13,075)</u>

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

Other Governmental Funds		Total
169,358	\$	1,718,407
-		184,346
-		63,094
1,121		2,143
967,197		1,748,086
61,839		795,249
10,342		111,806
<u>1,209,857</u>		<u>4,623,131</u>
-		168,071
755,681		1,361,335
148,921		1,956,314
-		270,693
-		-
-		26,375
-		2,681
<u>24,909</u>		<u>24,909</u>
<u>929,511</u>		<u>3,810,378</u>
<u>280,346</u>		<u>812,753</u>
12,326		12,326
<u>(29,025)</u>		<u>(41,351)</u>
<u>(16,699)</u>		<u>(29,025)</u>
<u>263,647</u>		<u>783,728</u>
<u>1,214,753</u>	\$	<u>1,946,428</u>
-		-
<u>1,214,753</u>		<u>1,946,428</u>
<u>1,478,400</u>	\$	<u>2,730,156</u>

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

CITY OF FIREBAUGH, CALIFORNIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Net Change in Fund Balances - Total Governmental Funds.	\$ 783,728
--	-------------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of
activities the cost of those assets is allocated over their estimated useful lives and
reported as depreciation expense.

Expenditures for capital outlay	24,909
Depreciation expense	(97,375)

Debt proceeds provide current financial resources to governmental funds, but issuing
debt increases long-term liabilities in the statement of Net Position. Repayment of
principal is an expenditure in the governmental funds, but the repayment reduces
long-term liabilities in the statement of Net Position.

Principal retirements	26,375
-----------------------	--------

Some revenues reported in the statement of activities will not be collected for several
months after the City's year end and do not provide current financial resources and
therefore are not reported as revenues in the governmental funds.

Change in accounts receivable	-
Change in Deposits	-
Change in deferred revenue	-

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.

Change in OPEB liability	-
Change in compensated absences	-
Change in pension expense	(438,839)
Change in accrued interest on long-term debt	-

Change In Net Position of Governmental Activities	<u>\$ 298,798</u>
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The notes to the basic financial statements
are an integral part of this statement.

CITY OF FIREBAUGH, CALIFORNIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities -			
	Sewer	Water	Airport	Total
ASSETS				
Cash and investments	\$ 2,477,661	\$ 2,691,035	\$ 21,254	\$ 5,189,950
Accounts receivable (net of allowance)	28,053	33,519	471	62,043
Due from other funds	735,007	718,197	-	1,453,204
Due from other Governments	-	-	-	-
Total Current Assets	<u>3,240,721</u>	<u>3,442,751</u>	<u>21,725</u>	<u>6,705,197</u>
Capital assets:				
Non-depreciable	203,705	-	-	203,705
Depreciable, net	<u>5,712,480</u>	<u>10,873,732</u>	<u>-</u>	<u>16,586,212</u>
Total Noncurrent Assets	<u>5,916,185</u>	<u>10,873,732</u>	<u>-</u>	<u>16,789,917</u>
Total Assets	<u>\$ 9,156,906</u>	<u>\$ 14,316,483</u>	<u>\$ 21,725</u>	<u>\$ 23,495,114</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension contribution	<u>\$ 177,916</u>	<u>\$ 175,722</u>	<u>\$ 3,085</u>	<u>\$ 356,723</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 15,754	\$ 41,334	\$ 219	\$ 57,307
Accrued interest payable	55,780	20,016	-	75,796
Retention payable	-	-	-	-
Deposits payable	-	76,480	-	76,480
Due to other funds	-	638,197	-	638,197
Unearned revenue	-	-	-	-
Compensated absences	15,726	20,647	-	36,373
Loans payable	55,000	172,836	-	227,836
Net pension liability	273,280	276,692	4,797	554,769
Compensated absences	-	-	-	-
OPEB liability	-	-	-	-
Loans payable	<u>3,385,000</u>	<u>5,174,065</u>	<u>-</u>	<u>8,559,065</u>
Total Liabilities	<u>\$ 3,800,540</u>	<u>\$ 6,420,267</u>	<u>\$ 5,016</u>	<u>\$ 10,225,823</u>
DEFERRED INFLOWS OF RESOURCES				
Pension adjustments	<u>\$ 157,852</u>	<u>\$ 155,906</u>	<u>\$ 2,737</u>	<u>\$ 316,495</u>
NET POSITION				
Invested in capital assets, net of related debt	\$ 2,476,185	\$ 5,526,831	\$ -	\$ 8,003,016
Restricted for:				
Debt service	194,345	256,000	-	450,345
Unrestricted	<u>2,705,900</u>	<u>2,133,201</u>	<u>17,057</u>	<u>4,856,158</u>
Total Net Position	<u>\$ 5,376,430</u>	<u>\$ 7,916,032</u>	<u>\$ 17,057</u>	<u>\$ 13,309,519</u>
	-	-	-	-

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

CITY OF FIREBAUGH, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Sewer</u>	<u>Business-Type Activities - Water</u>	<u>Airport</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 1,544,985	\$ 1,693,468	\$ 20,660	\$ 3,259,113
Total Operating Revenues	<u>1,544,985</u>	<u>1,693,468</u>	<u>20,660</u>	<u>3,259,113</u>
OPERATING EXPENSES				
Personnel costs	277,694	288,463	12,732	578,889
Utilities	143,680	249,077	2,380	395,137
Supplies	17,208	16,682	-	33,890
Maintenance and operations	250,778	409,079	5,248	665,105
Contractual services	73,292	80,610	8,445	162,347
Depreciation	240,412	376,089	-	616,501
Other expense	4,139	27,671	84	31,894
Total Operating Expenses	<u>1,007,203</u>	<u>1,447,671</u>	<u>28,889</u>	<u>2,483,763</u>
Operating Income (Loss)	<u>537,782</u>	<u>245,797</u>	<u>(8,229)</u>	<u>775,350</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	3,363	2,851	-	6,214
Intergovernmental revenues	-	31,903	4,137	36,040
Other revenues	59	39,412	-	39,471
Interest expense	(144,331)	(286,122)	-	(430,453)
Total Non-Operating Revenues (Expenses)	<u>(140,909)</u>	<u>(211,956)</u>	<u>4,137</u>	<u>(348,728)</u>
Income (Loss) Before Transfers	<u>396,873</u>	<u>33,841</u>	<u>(4,092)</u>	<u>426,622</u>
Transfers in	334,408	164,668	-	499,076
Transfers out	(334,408)	(164,668)	-	(499,076)
Change in Net Position	<u>396,873</u>	<u>33,841</u>	<u>(4,092)</u>	<u>426,622</u>
Total Net Position - Beginning	4,979,557	7,882,191	21,149	12,882,897
Prior period adjustment	-	-	-	-
Total Net Position - Beginning, Restated	<u>4,979,557</u>	<u>7,882,191</u>	<u>21,149</u>	<u>12,882,897</u>
Total Net Position - Ending	\$ <u>5,376,430</u>	\$ <u>7,916,032</u>	\$ <u>17,057</u>	\$ <u>13,309,519</u>

CITY OF FIREBAUGH, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities			
	Sewer	Water	Airport	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,555,153	\$ 2,207,419	\$ 22,072	\$ 3,784,644
Payments to suppliers	(510,219)	(1,037,770)	(16,591)	(1,564,580)
Payments to employees	(280,493)	(291,232)	(12,732)	(584,457)
Net Cash Provided (Used) by Operating Activities	<u>764,441</u>	<u>878,417</u>	<u>(7,251)</u>	<u>1,635,607</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grants and other receipts	-	31,903	4,137	36,040
Changes in pension liabilities	(194,138)	(188,760)	4,449	(378,449)
Interfund loans received	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(194,138)</u>	<u>(156,857)</u>	<u>8,586</u>	<u>(342,409)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(334,408)	(169,544)	-	(503,952)
Principal paid on capital debt	(78,000)	(60,000)	-	(138,000)
Interest paid on capital debt	(144,331)	(286,122)	-	(430,453)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(556,739)</u>	<u>(515,666)</u>	<u>-</u>	<u>(1,072,405)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends and other	<u>3,422</u>	<u>42,263</u>	<u>-</u>	<u>45,685</u>
Net Cash Provided (Used) by Investing Activities	<u>3,422</u>	<u>42,263</u>	<u>-</u>	<u>45,685</u>
Net Increase (Decrease) in Cash and Cash Equivalents	16,986	248,157	1,335	266,478
Balances - Beginning of the Year	<u>2,460,675</u>	<u>2,442,878</u>	<u>19,919</u>	<u>4,923,472</u>
Balances - End of the Year	\$ <u>2,477,661</u>	\$ <u>2,691,035</u>	\$ <u>21,254</u>	\$ <u>5,189,950</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 537,782	\$ 245,797	\$ (8,229)	\$ 775,350
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	240,412	376,089	-	616,501
Decrease (increase) in:				
Accounts receivable	10,168	513,951	1,412	525,531
Due from other governments	-	-	-	-
Increase (decrease) in:				
Accounts payable	(21,122)	(259,101)	(434)	(280,657)
Deposits payable	-	4,450	-	4,450
Compensated absences	(2,799)	(2,769)	-	(5,568)
OPEB liability	-	-	-	-
Net Cash Provided (Used) by Operating Activities	\$ <u>764,441</u>	\$ <u>878,417</u>	\$ <u>(7,251)</u>	\$ <u>1,635,607</u>

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

CITY OF FIREBAUGH, CALIFORNIA
STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND - SUCCESSOR AGENCY
FOR THE YEAR ENDED JUNE 30, 2016

	Agency Funds
ASSETS	
Cash and investments	\$ 1,189,487
Notes receivable	-
Land and buildings held for resale	1,833,649
Total Assets	\$ <u>3,023,136</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 11,795
Interest payable	25,954
Long-term debt:	
Due within one year	-
Due in more than one year	6,127,934
Total Liabilities	<u>6,165,683</u>
NET POSITION	
Held in trust for other governments	\$ <u>(3,142,547)</u>

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

CITY OF FIREBAUGH, CALIFORNIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND - SUCCESSOR AGENCY
FOR THE YEAR ENDED JUNE 30, 2016

	Balance June 30, 2016
ADDITIONS	
Property taxes	\$ 1,124,611
Investment earnings and other	18,245
Total additions	<u>1,142,856</u>
DEDUCTIONS	
Administrative costs	-
Program expenses of former redevelopment agency	215,986
Interest and fiscal agency expenses of former redevelopment agency	311,448
Total deductions	<u>527,434</u>
Transfers in	29,025
Transfers out	-
Change in net position	644,447
Net position - Beginning of year	<u>(3,415,694)</u>
Net position - End of year	<u><u>\$ (2,771,247)</u></u>

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

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BASIC FINANCIAL STATEMENTS

Notes to Basic Financial Statements

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CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies of the City of Firebaugh (City), all of which conform to generally accepted accounting principles as applicable to governmental units.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The City of Firebaugh, State of California (the "City"), was incorporated in 1914. The City operates under a Council-Manager form of government. The City's major operations include public safety; highways and streets; water and sewer; parks and recreation; building inspection; public improvements; planning and zoning, and general administrative services.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services including police and fire protection; sanitation, electric, water, and wastewater services; the construction and maintenance of streets and infrastructure; recreational activities and cultural events.

As required by GAAP, the accompanying basic financial statements present the City and its component units. Component units are entities for which the City is considered to be financially accountable. GASB defines component units as legally separate entities that meet any one of the following tests:

The City appoints the voting majority of the board of the entity and:

Is able to impose its will on the entity and/or,
is in a relationship of financial benefit or burden with the entity.

The entity is fiscally dependent upon the City.

The financial statements of the City would be misleading if data from the entity were omitted.

Management determined that there are no potential component units, based on the criteria above:

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its

(Continued on the following page)

**CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)**

Reporting Entity (Continued)

Government-Wide and Fund Financial Statements (Continued)

component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues as available if they are collected within sixty days of the end of the current fiscal period, except for sales tax which has a ninety day availability period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

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

Fiduciary fund financial statements include a statement of net assets. The City's fiduciary funds represent agency funds and a Private-purpose Trust Fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds are accounted for on the accrual basis of accounting.

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

Basis of Presentation

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 in a separate self-balancing set of accounts for its assets, other debits, liabilities, other credits, equity, revenue and expenditures or expenses, as appropriate.

Governmental Funds - Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Presentation (Continued)

Enterprise Funds - account for operations (1) that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City has elected to follow GASB pronouncements, and not Financial Accounting Standards Board (FASB) pronouncements after 1989, as presented by GASB Statement Number 20.

Fiduciary Funds

Agency Funds - used to account for assets held by a governmental unit as an agent for individuals, governmental entities (other than the City) and non-public organizations. This fund is used to account for deposits and collects monies for various community events which are remitted to the organizers.

Private-purpose Trust Fund - is a fiduciary fund type used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and interest benefit individuals, private organizations, or other governments.

Major Funds

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

The Water Enterprise Fund accounts for the operations of the City's water utility, a self-supporting activity which renders a service on a user-charge basis to residents and businesses.

The Sewer Utility Fund accounts for the operations of the City's wastewater utility, a self-supporting activity which renders a service on a user-charge basis to residents and businesses.

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Major Funds (Continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's business type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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 resources (expense/expenditure) until then. The City does not have any items that qualify for reporting in this category this fiscal year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item unavailable revenue, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from miscellaneous receivables, grants and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or Equity Cash and Investments

Cash and Investments

The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. State statutes authorize the City to invest its cash surplus in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds, medium term notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund. Investment income from pooled investments is allocated to all funds in the pool. Interest is allocated on the basis of average daily cash balance at quarter end in relation to the total pool investments. The interest income is recorded in the fund that earned the interest, except for those funds which have a negative cash balance and are excluded from the interest apportionment.

Investments are reported in the accompanying balance sheet at fair value which is determined using selected bases annually. Short term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount which reasonably estimates fair value. Managed funds not listed on an established market are reported at the estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

General Receivables and Property Taxes Receivable

The City records an allowance for doubtful accounts on general accounts receivable based on the experience method.

Madera County assesses properties, bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on July 1. Secured property taxes become a lien on real property on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and March 1. Property taxes become delinquent after December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed.

Inventories

Inventories are valued at estimated cost at year-end. All inventories consist of expendable supplies held for consumption.

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such depreciation has been provided over the estimated useful lives using the straight-line method.

The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Buildings	10-40 years
Improvements	10-40 years
Machinery and Equipment	3-20 years
Utility System	5-50 years
Infrastructure	15-50 years

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Pension Plan

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

Continued on following page.

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Vacation and Sick Pay

Vacation pay is vested to the employees as it accrues and is payable upon retirement or termination. Sick leave, however, does not vest to the employees and is payable only when sick leave is taken.

Unused vacation and sick leave have been accrued in the accompanying government-wide financial statements and the accompanying proprietary fund financial statements.

Unearned Revenue

In the government-wide financial statements, unearned revenue is recorded for transactions for which revenues have not been earned.

In the fund financial statements, deferred revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records deferred revenues when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which does not materially differ from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Fund Equity

In the fund financial statements, governmental funds aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications; restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed ordinances of the City Council, the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the City Council's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council and City Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, the unrestricted resources-committed, assigned, and unassigned-in order as needed.

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Net Position

For government-wide reporting as well as in proprietary funds, fund equity is called net position. Net position is comprised of three components: net investment in capital assets; restricted; and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes and other debt that are attributed to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Tap and similar fees have been reported as non-operating revenues in the City's statement of revenue expense and changes in net position for proprietary funds and as capital grants and contributions in the statement of activities and changes in net position.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

New Pronouncements - Implemented

Governmental Accounting Standards Board Statement No. 72

GASB Statement No. 72, Fair Value Measurement and Application. Issued February 2015. This statement establishes accounting and financial reporting standards for fair value measurements, the level of fair value hierarchy, and valuation techniques. GASB Statement No. 72 was implemented for the City for fiscal year ending June 30, 2016. Since the City invests in the State's Local Agency Investment Fund, implementation did not result in a change in valuation; but Note 3, Cash and Investments has been modified to provide the new disclosures required by this Statement.

Governmental Accounting Standards Board Statement No. 73

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Issued June 2015 this statement was issued to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The City has no employees covered by plans outside the scope of GASB 68 for fiscal year ending June 30, 2016.

Governmental Accounting Standards Board Statement No. 76

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. Issued June 2015, this statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. GASB Statement No. 76 was implemented by the City in fiscal year ending June 30, 2016, but has no impact on the financial statements.

Governmental Accounting Standards Board Statement No. 78

GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. Issued in December 2015, the objective of this Statement is to address a practice issue regarding the scope and applicability of GASB Statement No. 68. The City does not participate in any pension plans that fall within the scope of this Statement, therefore the provisions of this statement do not apply.

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3: DETAILED NOTES

H. New Pronouncements, (Continued)

Governmental Accounting Standards Board Statement No. 79

GASB Statement No. 79, Certain External Investment Pools and Pool Participants. Issued December 2015, this statement addresses accounting and financial reporting for certain external investment pools and pool participants. GASB Statement No. 79 was implemented by the City in fiscal year ending June 30, 2016.

Governmental Accounting Standards Board Statement No. 82

GASB Statement No. 82, Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73. Issued March 2016, this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City has no employees covered by this pronouncement.

The Government Accounting Standards Board has also adopted Statements 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, 77, *Tax Abatement Disclosures*, 80, *Blending Requirements for Certain Component Units*, and 81, *Irrevocable Split-Interest Agreements*, which are not effective until fiscal year June 30, 2017. Most of the provisions of those statements will not affect this City, however the applicability will be assessed as the pronouncements become effective.

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3: DETAILED NOTES

Cash and Investments

As of June 30, 2016, the City's cash and investments are reported in the financial statements as follows:

Primary government	\$ 7,652,029
Agency funds	<u>542,805</u>
Total Cash and Investments	\$ <u>8,194,834</u>

As of June 30, 2016, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 300
Deposits (less outstanding checks)	<u>5,798,072</u>
Total Cash	<u>5,798,372</u>

As of June 30, 2016, the City's investments consisted of the following:

Investments:	
In California Local Agency Investment Fund (at market):	<u>2,396,462</u>
Total Investments	<u>2,396,462</u>
Total Cash and Investments	\$ <u>8,194,834</u>

At year end, the carrying amount of the City's cash deposits (including amount in checking accounts and money market accounts) was \$5,798,072 and the bank balance was \$5,888,006. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial Credit Risk For Deposits - Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The City's investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the City's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits of more than the \$250,000 insured amount are collateralized. The City's investment policy does not further limit its deposits. Of the bank balance \$513,405 was covered by Federal depository insurance.

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of

(Continued on the following page).

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3: DETAILED NOTES (Continued)

Cash and Investments (Continued)

its fair value to changes in market interest rates. All investments of the City are pooled with the State of California Local Agency Investment Fund. The City's investment policy generally limits investment maturities as needed to maintain adequate liquidity to meet the City's cash flow requirements and to limit its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law and City investment policy limits investments in commercial paper to the rating of A or better by Standards & Poor's or P-1 or better by Moody's Investors Service; corporate bonds to the rating of A or better by both Standards & Poor's and Moody's Investors Service. No limits are placed on U.S. government agency securities and U.S. Treasuries. The City's investment policy does not further limit its investment choices.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law restricts the City's investments in commercial paper to 40% of its investment pool and to 10% per issuer and corporate bonds and medium term notes to 30% of its investment pool and to 10% per issuer, and banker's acceptances to 15% of its investment pool and to 10% per issuer. The City has invested all cash, other than deposits and imprest cash, in the California Local Agency Investment Fund (LAIF). At June 30, 2016, the City's investments were in compliance with concentration of credit risk State law.

Investment in Local Agency Investment Fund - The City of Firebaugh is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. At June 30, 2016, the City's investment position in the State of California Local Agency Investment Fund (LAIF) was \$2,396,462. The total amount invested by all public agencies in LAIF on that day was \$21,495,234,784 of that amount, 96.08% is invested in non-derivative financial products and 1.42% in structured notes and asset-backed securities. The value of the pool shares in LAIF is determined on an amortized cost basis, which approximates fair value. The Local Investment Advisory Board, which consists of five members designated by the State statutes, has oversight responsibility for LAIF.

Investments - The City reports its investments in accordance with GASB Statement Number 31. This standard requires that the City's investments be reported at fair value with realized and unrealized gains or losses reported in the statement of operations.

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3: DETAILED NOTES (Continued)

Notes Receivable

Revolving Loan Program - Long-term loans receivable of \$1,729,313 represent monies loaned to home buyers in connection with a down payment assistance programs. The loans are secured by real property with repayment due upon the sale of real property or starting at the end of the 30 year deferral period. At the time of sale, the seller pays the loan balance in full plus interest, ranging from 0% to 4%. For the home buyer loan program, starting at the end of the 30 year deferral period, the borrower is required to repay the loan over the following 15 years.

Firebaugh San Joaquin Vista Associates - During fiscal year 2000, the Redevelopment Agency of the City of Firebaugh, loaned Firebaugh San Joaquin Vista Associates \$200,000 as a subsidy in connection with a low income apartment. The note carries an interest rate of 3% and matures during 2055. The terms of the agreement specify that payments of the outstanding principal and accrued interest shall be paid annually in the amount equal to 30% of available project revenues. Payments made shall be credited first against accrued interest and then against outstanding principal. There have been no required payments to date on this note.

San Joaquin Development LLC - During fiscal year 2009, the Redevelopment Agency of the City of Firebaugh loaned San Joaquin Development LLC \$150,000 in connection with the construction of low-income condominiums. The note is non-interest bearing and is repayable upon sale of each unit at the rate of \$7,134 per unit. There have been no repayments to date on this note.

Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Adjustments/ Retirements	Transfers	Balance June 30, 2016
<u>Governmental activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 137,047	\$ -	\$ -	\$ -	\$ 137,047
Construction in progress	-	-	-	-	-
Total capital assets, Not being depreciated	137,047	-	-	-	137,047
Capital assets, being depreciated:					
Buildings	1,338,503	-	-	-	1,338,503
Infrastructure	514,825	-	-	-	514,825
Machinery and equipment	1,981,385	24,909	-	-	2,006,294
Total capital assets, being depreciated	3,834,713	24,909	-	-	3,859,622

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3: DETAILED NOTES (Continued)

Capital Assets (Continued)

	Balance July 1, 2015	Additions	Adjustments/ Retirements	Transfers	Balance June 30, 2016
Less accumulated depreciation	(2,247,134)	(97,375)	-	-	(2,344,509)
Total capital assets, Being depreciated, net	<u>1,587,579</u>	<u>(72,466)</u>	<u>-</u>	<u>-</u>	<u>1,515,113</u>
Total governmental activities, net	<u>\$ 1,724,626</u>	<u>\$ (72,466)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,652,160</u>
	Balance July 1, 2015	Additions	Adjustments/ Retirements	Transfers	Balance June 30, 2016
<u>Business-Type activities:</u>					
Capital assets, not being depreciated:					
Land - Sewer	\$ 203,705	\$ -	\$ -	\$ -	\$ 203,705
Construction in progress - Water	<u>344,215</u>	<u>620,991</u>	<u>-</u>	<u>(965,206)</u>	<u>-</u>
Total assets not being depreciated	<u>547,920</u>	<u>620,991</u>	<u>-</u>	<u>(965,206)</u>	<u>203,705</u>
Capital assets, being depreciated:					
Buildings and Infrastructure - Water	14,217,697	460,336	-	965,206	15,643,239
Buildings and Infrastructure - Sewer	8,641,602	-	-	-	8,641,602
Vehicles and Equipment - Water	185,148	-	-	-	185,148
Vehicles and Equipment - Sewer	<u>427,702</u>	<u>334,410</u>	<u>-</u>	<u>-</u>	<u>762,112</u>
Total capital assets, being depreciated	<u>23,472,149</u>	<u>794,746</u>	<u>-</u>	<u>965,206</u>	<u>25,232,101</u>
Accumulated Depreciation - Water	(4,562,495)	(392,160)	-	-	(4,954,655)
Accumulated Depreciation - Sewer	<u>(3,431,213)</u>	<u>(260,021)</u>	<u>-</u>	<u>-</u>	<u>(3,691,234)</u>
Less accumulated depreciation	<u>(7,993,708)</u>	<u>(652,181)</u>	<u>-</u>	<u>-</u>	<u>(8,645,889)</u>
Total capital assets, being depreciated, net	<u>15,478,441</u>	<u>142,565</u>	<u>-</u>	<u>965,206</u>	<u>16,586,212</u>
Total business-type activities, net	<u>\$ 16,026,361</u>	<u>\$ 763,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,789,917</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 65,927
Public Safety and Judiciary	19,549
Public Works and Development	<u>11,899</u>
Total Depreciation Expense -- Governmental Functions	<u>\$ 97,375</u>

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

Sewer	\$ 260,021
Water	<u>392,160</u>
Total Depreciation Expense - Business-Type Functions	<u>\$ 652,181</u>

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3: DETAILED NOTES (Continued)

Unearned Revenue - Deferred Outflows/Inflows of Resources

The City implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities as of June 30, 2016.

GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items to report in this category.

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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds are unavailable revenues of \$2,079,313 related to long-term notes and loans receivable.

At June 30, 2016, the components of unearned revenue consisted of off-sets to notes receivable in the amount of \$4,117,589, in addition there was unearned revenue in the General Fund in the amount of \$10,517.

Long-term Debt

Long-term debt for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Adjustments/ Retirements	Balance June 30, 2016	Amounts Due Within One Year
Governmental Activities					
Lease Payable					
Fire truck lease	\$ 54,058	\$ -	\$ (26,375)	\$ 27,063	\$ 27,063
Total Governmental Activity Debt	\$ 54,058	\$ -	\$ (26,375)	\$ 27,063	\$ 27,063

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3: DETAILED NOTES (Continued)

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Adjustments/</u> <u>Retirements</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Business-Type Activities					
Bonds Payable					
1976 Firebaugh Sewer Revenue Bond	\$ 28,000	\$ -	\$ (28,000)	\$ -	\$ -
2013 Water Revenue Refunding Bond	1,449,612	-	(67,820)	1,381,792	67,836
Certificate of Participation					
2007 USDA Water COP	3,955,000	-	(60,000)	3,895,000	65,000
Loan Payable					
2008 USDA Sewer Loan	3,490,000	-	(50,000)	3,440,000	55,000
Total Business-Type Activity Debt	<u>\$ 8,922,612</u>	<u>\$ -</u>	<u>\$ (205,820)</u>	<u>\$ 8,716,792</u>	<u>\$ 187,836</u>
Compensated Absences	\$ 154,798	\$ -	\$ -	\$ 154,798	
Government Activities	\$ 41,941	\$ -	\$ (1,394)	\$ 40,547	
Business-Type Activities					

At June 30, 2016, loans consisted of the following:

Fire Truck Lease - In October 2006 the City entered into a capital lease for \$224,802 with Kansas State Bank of Manhattan for a new fire truck. The lease is payable in ten annual installments of \$29,056.30 consisting of principal and interest.

1976 Firebaugh Sewer Revenue Bonds Payable - The 1976 Firebaugh Sewer Revenue Bonds in the amount of \$477,000 were issued in 1976. Interest in the amount of 5 percent is due semi-annually. Principal is paid annually.

2013 Water Revenue Refunding Bond - In November 2013, the City issued revenue bonds in the amount of \$1,512,415. The funds were used for the purpose of refinancing the 2005 Water Revenue Bond. Principal and interest is payable semi-annually on December 1 and June 1 each year, with an interest rate of 3.85%.

2007 USDA Water Certificate of Participation - In 2007 the City issued \$4,365,000 of Certificates of Participation. The proceeds of the issue were used for the water system improvement project. Interest on the COP is payable semi-annually on December 1 and June 1 each year, with an interest rate of 4.125% per annum. Principal is paid annually on June 1.

2008 USDA Sewer Loan Payable - In 2008 the City borrowed \$3,800,000 from the USDA to finance sewer plant expansion. Interest on the loan is payable semi-annually on February 15 and August 15 each year, with an interest rate of 4.125% per annum. Principal is paid on August 15 of each year.

The annual aggregate maturities for the years subsequent to June 30, 2016, are disclosed in the other disclosures section on pages 47 through 50.

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3: DETAILED NOTES (Continued)

Operating Leases

Rental expenses incurred under operating leases are not considered material.

Interfund Transactions

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following amounts were reflected as due from and due to other funds as of June 30, 2016:

<u>Due To:</u>		<u>Due From:</u>	
Sewer Fund	\$ 735,007	General Fund	\$ 815,007
Water Fund	718,197	Water Capital Improvement Fund	618,953
General Fund	22,768	Las Deltas Water Fund	14,409
		CML-5224-019 Fund	500
		CMAQ Fund	7,416
		Highway 33 Fund	1,691
		15-CDBG-10568 fund	3,500
		SRTS-03.02 Fund	9,661
		12-CDBG 887 Grant Fund	4,835
Total	\$ <u>1,475,972</u>		\$ <u>1,475,972</u>

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations and re-allocations of special revenues. The City only made de minimus transfers for fiscal year ended June 30, 2016.

Deficit Fund Balances

The City has the following deficit fund balances at June 30, 2016:

CML-5224-019 Fund	\$ (1,188)
STPL-5224-030 Fund	(1,363)
Highway 33 Fund	(182)
Water Capital Improvement Fund	(162,844)
Las Deltas Water	(4,894)

(Continued on the following page)

**CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 4: EMPLOYEES' RETIREMENT PLAN

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

A. General Information about the Pension Plans

Plan Descriptions – All qualified employees are eligible to participate in the City's following cost-sharing multiple-employer defined benefit pension plans (Plans):

City Miscellaneous (Tier 1)
City Miscellaneous - PEPR (Tier 2)
City Safety (Tier 1)
City Safety - PEPR (Tier 2)

The Plans are 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.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4: EMPLOYEES' RETIREMENT PLAN (Continued)

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	<i>City Safety Plan</i>		<i>City Miscellaneous Plan</i>	
	<i>Tier 1</i>	<i>Tier 2</i>	<i>Tier 1</i>	<i>Tier 2</i>
Hire date	Prior to January 1, 2012	On or after January 1, 2012	Prior to January 1, 2012	On or after January 1, 2012
Benefit formula	3% @ 55	2.7% @ 57	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50-55	50-57	50-55	50-55
Monthly benefits, as a % of eligible compensation	3%	2.0% to 2.7%	2.4% to 3%	2.0% to 2.7%
Required employee contribution rates	9.0%	11.5%	9.0%	11.5%
Required employer contribution rates	41.36%	11.5%	21.37%	11.5%

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 both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with 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, 2016, the contributions recognized as part of pension expense for each Plan were as follows:

	<i>City Safety Plan</i>			<i>City Miscellaneous Plan</i>	
	<i>Tier 1</i>	<i>Tier 2</i>		<i>Tier 1</i>	<i>Tier 2</i>
Contributions - employer	\$ 64,755	\$ -		\$ 89,850	\$ -
Contributions - employee (paid by employer)	231,928	-		198,524	-

As of June 30, 2016, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<i>Proportionate Share of Net Pension Liability</i>
City Safety Plan-Tier 1	\$ 1,687,094
City Miscellaneous Plan-Tier 1	1,130,393
Total Net Pension Liability	<u>\$ 2,817,487</u>

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4: EMPLOYEES' RETIREMENT PLAN (Continued)

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

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2015, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2014 and 2015 was as follows:

	City Safety Plan	
	<u>Tier 1</u>	<u>Tier 2</u>
Proportion - June 30, 2014	0.40%	0.00%
Proportion - June 30, 2015	0.39%	0.00%
Change- Increase (Decrease)	<u>(0.01%)</u>	<u>0.00%</u>

	City Miscellaneous Plan	
	<u>Tier 1</u>	<u>Tier 2</u>
Proportion-June30,2014	0.41%	0.00%
Proportion-June30,2015	0.41%	0.00%
Change - Increase (Decrease)	<u>0.00%</u>	<u>0.00%</u>

For the year ended June 30, 2016, the City recognized pension expense of \$397,073. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 330,931	\$ -
Differences between actual and expected experience	5,909	-
Changes in assumptions	-	(155,047)
Net difference between projected and actual earnings on pension plan investments	390,014	(21,556)
Adjustments due to differences in proportion	-	(468,286)
Total	<u>\$ 726,854</u>	<u>\$ (644,889)</u>

\$330,931 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4: EMPLOYEES' RETIREMENT PLAN (Continued)

be recognized as pension expense as follows:

Year Ended	Deferred
June 30	Outflows/(Inflows)
	of Resources
2016	\$ (119,554)
2016	(119,554)
2017	(107,361)
2018	97,503
Thereafter	-

Actuarial Assumptions – For the measurement period ended June 30, 2014, the total pension liabilities were determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation Date	All Plans (4)
Measurement Date	June 30, 2013
Actuarial Cost Method	June 30, 2014
Actuarial Assumptions:	Entry age Normal Cost Method
Discount Rate	7.5%
Inflation	2.75%
Projected Salary Increase	(1)
Investment Rate of Return	7.5% (2)
Mortality	Derived using CalPers
	Membership Data for
	all Funds (3)
Post Retirement Benefit Contract	COLA up to 2.75%
	until Purchasing Power
	Protection Allowance Floor on
	Purchasing Power applies,
	2.75% thereafter
Increase	
(1) Depending on age, service and type of employment	
(2) Net of pension plan investment and administrative expenses; includes inflation	
(3) 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. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.	
(4) All of the City's plans for miscellaneous and safety, and the District's plan's employed the same assumptions.	

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2013 actuarial experience study for the period 1997 to 2012. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each 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,

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4: EMPLOYEES' RETIREMENT PLAN (Continued)

the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

In determining the long term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound 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.

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4: EMPLOYEES' RETIREMENT PLAN (Continued)

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return</u>	
		<u>Years 1 - 10(a)</u>	<u>Years 11+(b)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forest land	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		
(a.)	An expected inflation of 2.5% used for this period.		
(b.)	An expected inflation of 3.0% used for this period.		

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

	<u>City Safety Plan</u>	
	<u>Tier 1</u>	<u>Tier 2</u>
One Percent Increase	6.50%	6.50%
Net Pension Liability	\$ 2,704,991	-
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$ 1,687,094	-
One Percent Decrease	8.50%	8.50%
Net Pension Liability	\$ 852,437	-

	<u>City Miscellaneous Plan</u>	
	<u>Tier 1</u>	<u>Tier 2</u>
One Percent Increase	6.50%	6.50%
Net Pension Liability	\$ 1,895,749	-
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$ 1,130,393	-
One Percent Decrease	8.50%	8.50%
Net Pension Liability	\$ 498,504	-

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 5: POST-EMPLOYMENT HEALTH CARE BENEFITS

Post Retirement Benefits - From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. Prior to adopting the requirements of GASB Statement No. 45, the City recognized the cost of postemployment healthcare in the year it was paid. With the implementation of GASB Statement No. 45 the City will report the accumulated liability from prior years in order to provide information useful in assessing potential demands on the City's future cash flows. Recognition and funding of the liability accumulated from prior years will be phased in over 30 years.

Plan Description - For all employees employed by the City who are not under a labor agreement who retire from the City's employment under the Public Employee's Retirement System currently in effect, the City will continue to pay the premiums for health care coverage in an amount equal to the amount paid if the employee was still employed by the City.

For the fiscal year ending June 30, 2016, there were five retirees receiving such benefits. The City is financing any benefits on a pay as you go basis.

Funding Policy - The contribution requirements of plan members and the City are established and may be amended by the City. The City determines the required contributions using the Entry Age Normal Cost Method. The required contribution is based on projected pay-as-you-go financing requirements.

Membership in the plan consisted of the following at June 30, 2015, the date of the latest actuarial valuation.

Retirees receiving benefits	6
Active plan members eligible	34
Total	40
Retired employees:	
Average Age	65.4
Average Retirement Age	60
Active members eligible:	
Average Age	40.0
Average Service Years	9.1

Annual OPEB Cost and Net OPEB Obligation - The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess)

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 5: POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

over a period of thirty (30) years. The following table shows the amount contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution (OPEB cost)	\$ 240,691
Interest on net OPEB obligation	102,166
Adjustment to annual required contribution	(116,155)
Annual OPEB cost (expense)	226,702
Contributions made	(27,506)
Increase (decrease) in net OPEB obligation	199,196
Net OPEB obligation, beginning of year	2,270,364
Net OPEB obligation, end of year	\$ 2,469,560

The City's OPEB obligation as of implementation of GASB Statement No. 45 is less than the actuarial accrued liability of \$3,246,513, all of which is unfunded. However, the OPEB obligation will be increased prospectively to the actuarial accrued liability amount. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation was as follows:

Year Ended June 30	Annual OPEB Cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	383,225	8,415	2.2%	1,690,925
2013	409,401	23,186	5.7%	2,077,140
2015	214,331	21,107	9.8%	2,270,364

Funding Status and Progress - The funded status of the liability as of June 30, 2016, the plan's most recent actuarial valuation date, was as follows:

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/2010	2,263,046	-	2,263,046	0.0%	1,598,143	141.6%
6/30/2013	2,896,304	-	2,896,304	0.0%	1,564,331	185.1%
6/30/2015	1,909,315	-	1,909,315	0.0%	1,831,124	104.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding status and progress, as shown above, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 5: POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The annual OPEB cost was determined as part of the June 30, 2016 actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation Date	January 1, 2016
Actuarial Cost Method	Entry age normal cost
Asset Valuation Method	Market value of assets
Amortization Method	Level percentage of payroll
Remaining Amortization Period	25 years
Actuarial Assumptions:	
Investment Rate of Return	7.0%
Discount Rate	4.5%
Payroll Increase	3.25%
Health Cost Trend Rates:	
Annual increases in premium for retired medical and prescription drug benefits are assumed to be as follows:	
Year After Valuation Date	
2014	Actual premiums
2016	Actual premiums
2016	Actual premiums
2017	7.5%
2018	7.0%
Thereafter	6.5% to 4.64%

NOTE 6: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The City implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities as of June 30, 2016.

GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows or resources, certain items that were previously reported as assets and liabilities.

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 6: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items to report in this category.

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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds are unavailable revenues of \$1,756,313 related to long-term notes and loans receivable.

On the Government wide Statement of net position Deferred Outflows of resources of \$612,541 represent contributions made to the City's pension plan for the 2015-2016 fiscal year. Deferred Inflows of resources are as follows:

Net differences between projected and actual earnings on pension plan investments	\$ 21,556
Changes in assumptions	155,047
Adjustment due to differences in proportions	468,286
Total deferred inflows of resources	\$ 644,889

NOTE 7: RISK MANAGEMENT

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

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

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 7: RISK MANAGEMENT (Continued)

The CSJVRMA is a consortium of 55 cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500, et. seq. The CSJVRMA is governed by a Board of Directors, which meets three to four times each year, consisting of one member appointed by each member city.

The day-to-day business is handled by a management group employed by the CSJVRMA. The financial statements of CSJVRMA can be obtained at 1831 K Street, Sacramento, CA 95814.

The latest audited financial information and the most current information available for CSJVRMA for fiscal year ended June 30, 2016 is as follows:

Total assets	\$86,630,360
Total liabilities	<u>73,673,710</u>
Net position	<u>\$12,956,650</u>
Total revenues	\$38,130,606
Total expenses	<u>40,427,807</u>
Increase/(decrease) in net position	<u>\$(2,297,201)</u>

NOTE 8: CONTINGENCIES

Federal and State Government Programs - The City participates in several federal and state grant programs. These programs have been audited, as needed, in accordance with the provisions of the federal Single Audit Act of 1984 and applicable state requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

NOTE 9: SUBSEQUENT EVENTS

The City evaluated subsequent events for recognition and disclosure through January 5, 2017, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2016 that required recognition or disclosure in such financial statements.

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 10: BUDGETARY PRINCIPLES

The operating budget of the City is adopted by the City Council prior to July 1 each year primarily on a cash basis. The City Manager is authorized to transfer budget amounts between divisions of a department within any fund; however, any revisions that alter the total expenditures of any fund require City Council resolution.

Budget information is adopted and presented for the general, special revenue and capital project funds. The presentations represent original appropriations adjusted for supplemental appropriations, if any, made during the year.

The City does not formally adopt a budget for debt service funds. The bond documents are the controlling factor.

Portions of fund equity are recorded as reserves when segregation for future use is necessary and the funds are, therefore, not available for future apportionment or expenditures.

Summary of Differences between Budgetary Basis and Generally Accepted Accounting Principles (GAAP)

The following are the differences between the City's budgetary basis and GAAP:

- a.) The City does not budget for GASB 31 interest income.
- b.) The City does not budget for accounts payable or intergovernmental payables.
- c.) The City does not budget for benefit accruals.
- d.) The City does not budget for transfers from the debt service funds when revenue is in excess of debt service requirements.
- e.) The City budgets for certain receivables and payables on a cash basis.
- f.) The City budgets for land to be held for resale as expenditure.
- g.) Encumbrances are not included in the Statement of Revenue, Expenditures and Changes in Fund Balance.

Budgetary Basis Reconciliation

Budgets are not adopted for the debt service fund except for the debt service funds of the Agency.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF FIREBAUGH, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes and assessments	\$ 1,555,730	\$ 1,555,730	\$ 1,549,049	\$ (6,681)
Licenses and permits	55,250	55,250	184,346	129,096
Fines and forfeitures	49,000	49,000	63,094	14,094
Use of money	302	302	1,022	720
Intergovernmental	60,300	60,300	771,228	710,928
Charges for services	1,165,295	1,165,295	733,410	(431,885)
Other revenues	124,250	124,250	101,464	(22,786)
Total Revenues	<u>3,010,127</u>	<u>3,010,127</u>	<u>3,403,613</u>	<u>393,486</u>
EXPENDITURES				
Current:				
General government	146,963	146,963	168,071	(21,108)
Public ways and facilities	479,769	479,769	582,918	(103,149)
Public protection	1,925,575	1,925,575	1,807,393	118,182
Culture and recreation	244,698	244,698	270,693	(25,995)
Community development	-	-	-	-
Debt service	52,400	52,400	29,057	23,343
Capital outlay	59,056	59,056	-	59,056
Total Expenditures	<u>2,908,461</u>	<u>2,908,461</u>	<u>2,858,132</u>	<u>50,329</u>
Excess of Revenues Over (Under)				
Expenditures	<u>101,666</u>	<u>101,666</u>	<u>545,481</u>	<u>443,815</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(12,326)	(12,326)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(12,326)</u>	<u>(12,326)</u>
Net Change in Fund Balance	101,666	101,666	533,155	431,489
Fund Balance -Beginning	731,675	731,675	731,675	-
Fund Balance - Ending	<u>\$ 833,341</u>	<u>\$ 833,341</u>	<u>\$ 1,264,830</u>	<u>\$ 431,489</u>

The City of FIREBAUGH budgets for debt service principal and interest expenditures as a single item. For purposes of the budgetary comparison schedule, the debt service principal and interest expenditures have been combined as one item, debt service.

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

**CITY OF FIREBAUGH, CALIFORNIA
SCHEDULES TO FOOTNOTES
BUDGET AND APPROPRIATIONS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE : OTHER DISCLOSURES

SCHEDULE OF EXCESS EXPENDITURES:

Fund	Appropriations	Expenditures	Excess Expenditures
Fund 61 - Harvest Fest	\$ 87,644	\$ 88,666	\$ 1,022
Fund 67 - AB2928 Gas Tax	35,262	42,512	7,250
Fund 73 - CLEEP	-	543	543
Fund 94 - Admin/Safety	-	3,872	3,872
Fun 107 - Las Deltas Water	-	33,216	33,216
Fund 110 - C-06-8124-110	-	16,781	16,781
Fund 122 - 12-CDBG-8387	159,000	169,545	10,545
	\$ 281,906	\$ 355,135	\$ 73,229

CITY OF FIREBAUGH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

ADDITIONAL DISCLOSURES - DEBT SERVICE REQUIREMENTS

The annual requirement to amortize the principal and interest on all long-term debt at June 30, 2016 are as follows:

Years ending June 30,	Governmental Activities		Business-Type Activities	
	Principal Amount	Interest	Principal Amount	Interest
2017	\$ 27,683	\$ 1,373	\$ 187,836	\$ 353,934
2018	-	-	192,760	346,373
2019	-	-	202,686	338,424
2020	-	-	212,444	330,265
2021	-	-	222,222	321,580
2022	-	-	231,886	312,597
2023	-	-	241,458	303,171
2024	-	-	246,024	293,420
2025	-	-	260,480	283,423
2026	-	-	259,920	272,900
2027	-	-	274,124	262,251
2028	-	-	293,026	251,123
2029	-	-	296,926	239,297
2030	-	-	310,702	227,157
2031	-	-	329,298	214,540
2032	-	-	220,000	202,331
2033	-	-	225,000	193,153
2034	-	-	235,000	183,872
2035	-	-	245,000	174,076
2036	-	-	255,000	163,866
2037	-	-	265,000	153,244
2038	-	-	275,000	142,210
2039	-	-	285,000	130,763
2040	-	-	300,000	118,903
2041	-	-	310,000	106,425
2042	-	-	320,000	93,535
2043	-	-	340,000	80,128
2044	-	-	350,000	66,001
2045	-	-	365,000	51,459
2046	-	-	380,000	36,197
2047	-	-	395,000	20,419
2048	-	-	190,000	3,919
	\$ 27,683	\$ 1,373	\$ 8,716,792	\$ 6,270,956

(Continued on the following page)

CITY OF FIREBAUGH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

ADDITIONAL DISCLOSURES - DEBT SERVICE REQUIREMENTS, Continued

Years ending June 30,	<u>Sewer USDA Loan</u>		<u>2007 USDA Water Certification of Participation</u>	
	Principal Amount	Interest	Principal Amount	Interest
2017	\$ 55,000	\$ 140,766	\$ 65,000	\$ 160,669
2018	55,000	138,497	65,000	157,988
2019	60,000	136,125	70,000	155,306
2020	60,000	133,650	70,000	152,419
2021	65,000	131,072	75,000	149,531
2022	65,000	128,391	80,000	146,438
2023	70,000	125,606	80,000	143,138
2024	70,000	122,719	85,000	139,838
2025	75,000	119,728	90,000	136,331
2026	75,000	116,634	90,000	132,619
2027	80,000	113,438	95,000	128,906
2028	85,000	110,034	100,000	124,988
2029	85,000	106,528	105,000	120,863
2030	90,000	102,919	110,000	116,531
2031	95,000	99,103	115,000	111,994
2032	100,000	95,081	120,000	107,250
2033	105,000	90,853	120,000	102,300
2034	105,000	86,522	130,000	97,350
2035	110,000	82,088	135,000	91,988
2036	115,000	77,447	140,000	86,419
2037	120,000	72,600	145,000	80,644
2038	125,000	67,547	150,000	74,663
2039	130,000	62,288	155,000	68,475
2040	135,000	56,822	165,000	62,081
2041	140,000	51,150	170,000	55,275
2042	145,000	45,272	175,000	48,263
2043	155,000	39,084	185,000	41,044
2044	160,000	32,588	190,000	33,413
2045	165,000	25,884	200,000	25,575
2046	175,000	18,872	205,000	17,325
2047	180,000	11,550	215,000	8,869
2048	190,000	3,919	-	-
	-	-	-	-
	\$ <u>3,440,000</u>	\$ <u>2,744,777</u>	\$ <u>3,895,000</u>	\$ <u>3,078,493</u>

(Continued on the following page)

CITY OF FIREBAUGH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

ADDITIONAL DISCLOSURES - DEBT SERVICE REQUIREMENTS, Continued

Years ending June 30,	<u>Sewer USDA Loan</u>			<u>Fire Truck Lease</u>	
	Principal Amount	Interest		Principal Amount	Interest
2017	\$ 67,836	\$ 52,499	2017	\$ 27,683	\$ 1,373
2018	72,760	49,888		-	-
2019	72,686	46,993		\$ 27,683	\$ 1,373
2020	82,444	44,196			
2021	82,222	40,977			
2022	86,886	37,768			
2023	91,458	34,427			
2024	91,024	30,863			
2025	95,480	27,364			
2026	94,920	23,647			
2027	99,124	19,907			
2028	108,026	16,101			
2029	106,926	11,906			
2030	110,702	7,707			
2031	119,298	3,443			
	-	-			
	\$ 1,381,792	\$ 447,686			

(Continued on the following page)

**CITY OF FIREBAUGH, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Schedule of Funding Progress - Other Postemployment Benefits on Page 40, presents a consolidated snapshot of the City's ability to meet current and future liabilities with the plan assets. Of particular interest to most is the funded status ratio. This ratio conveys a plan's level of assets to liabilities, an important indicator to determine the financial health of the OPEB plan. The closer the plan is to a 100% funded status, the better position it will be in to meet all of its future liabilities.

BUDGETARY BASIS OF ACCOUNTING

The approved City procedures for establishing the budgetary data reflected in the financial statements is as follows:

In May of each year, the Finance Department is to submit to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and estimated revenues.

Public hearings are to be conducted at City Hall to obtain taxpayer comments.

Generally by the first of July, after adjustment as appropriate by the City Council, the budget is to be legally enacted through council motion.

Council approval is required for transfers between funds, or for an increase in total appropriations. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, etc.).

Formal budgetary integration is employed as a management control device during the year for the General fund, and Special Revenue funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant adjustments. The HOME Grant major special revenue fund did not have a legally adopted budget.

All unused appropriations for budgeted amounts lapse at the end of the year.

Individual fund budgetary comparisons are not presented at the detail budget unit level due to their excessive length. A separate document presenting this information is available.

The City does not use encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

CITY OF FIREAUGH
REQUIRED SUPPLEMENTARY INFORMATION - PENSION AND OPEB
As of June 30, 2016
Last 10 Years*

CalPERS Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

	Schedule of the City's Proportionate Share of the Net Pension Liability			
	Miscellaneous Plan		Safety Plan	
	2015	2016	2015	2016
City's proportion of the net pension liability	<u>0.67300%</u>	<u>0.72900%</u>	<u>0.56370%</u>	<u>0.64300%</u>
City's proportionate share of the net pension liability	<u>\$ 1,664,056</u>	<u>\$ 1,659,380</u>	<u>\$ 2,114,718</u>	<u>\$ 2,342,743</u>
City's covered-employee payroll	<u>\$ 997,095</u>	<u>\$ 1,098,749</u>	<u>\$ 1,920,580</u>	<u>\$ 1,859,893</u>
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	<u>166.89%</u>	<u>151.02%</u>	<u>110.11%</u>	<u>125.96%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83.03%</u>	<u>83.37%</u>	<u>81.41%</u>	<u>79.81%</u>

Notes to Schedule:

Change of benefit terms — In 2015, there were no changes to the benefit terms.

Changes in assumptions — In 2015, there were no changes in assumptions.

<u>Schedule of the City's Proportionate Share of the Net Pension Liability</u>				
	2015	2016	2015	2016
Contractually required contribution (actuarially determined)	\$ 139,815	\$ 157,234	\$ 451,833	\$ 601,159
Contributions in relation to the contractually required contributions	(139,815)	(157,234)	(451,833)	(601,159)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	<u>\$ 997,095</u>	<u>\$ 1,098,749</u>	<u>\$ 1,920,580</u>	<u>\$ 1,859,893</u>
Contributions as a percentage of covered-employee payroll	<u>14.02%</u>	<u>14.31%</u>	<u>23.53%</u>	<u>32.32%</u>

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The table below shows a one year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30, 2015, for the City other Postemployment Benefit Plan. As additional years are available, a three-year trend analysis will be presented.

Miscellaneous Plan:

	July 1, 2009	July 2, 2013
Actuarial Valuation Date		
Actuarial Accrued Liability (AAL) Entry Age	\$ 1,094,063	\$ 1,138,594
Actuarial Value of Assets	-	178,863
Unfunded Liability (UAAL)	<u>\$ 1,094,063</u>	<u>\$ 959,731</u>
Funded Status	<u>0.00%</u>	<u>0.00%</u>
Annual Covered Payroll	<u>\$ 2,953,000</u>	<u>\$ 2,491,787</u>
UAAL as a % of Payroll	<u>37.05%</u>	<u>38.52%</u>

CITY OF FIREBAUGH, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2016

	Gas Tax	Local Transportation	Development Impact Fees
ASSETS			
Cash and investments	\$ 137,623	\$ 407,339	\$ 243,284
Accounts receivable (net of allowance)	13,856	-	9,605
Loans receivable	-	-	-
Total Assets	<u>\$ 151,479</u>	<u>\$ 407,339</u>	<u>\$ 252,889</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,707	\$ 6,508	\$ 2,731
Deposits payable	-	-	-
Due to other funds	-	-	9,607
Unearned revenue	-	-	-
Total Liabilities	<u>1,707</u>	<u>6,508</u>	<u>12,338</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable resources	-	-	-
FUND BALANCES			
Reserved for:			
Loans receivable	-	-	-
Unreserved:			
Undesignated	<u>149,772</u>	<u>400,831</u>	<u>240,551</u>
Total Fund Balances	<u>149,772</u>	<u>400,831</u>	<u>240,551</u>
Total Liabilities and Fund Balances	<u>\$ 151,479</u>	<u>\$ 407,339</u>	<u>\$ 252,889</u>

See the accompanying notes
to the required supplementary
information.

Measure C Funds	Landscape Maintenance	Public Safety	Low Moderate Housing Assets	Totals
\$ 551,037	\$ 48,052	\$ 58,191	\$ 44,194	\$ 1,489,720
17,547	-	2,712	-	43,720
-	-	-	350,000	350,000
<u>\$ 568,584</u>	<u>\$ 48,052</u>	<u>\$ 60,903</u>	<u>\$ 394,194</u>	<u>\$ 1,883,440</u>

\$ 20,982	\$ 2,253	\$ 11,252	\$ -	\$ 45,433
-	-	-	-	-
-	-	-	-	9,607
-	-	-	-	-
<u>20,982</u>	<u>2,253</u>	<u>11,252</u>	<u>-</u>	<u>55,040</u>

-	-	-	350,000	350,000
---	---	---	---------	---------

-	-	-	-	-
-	-	-	-	-
547,602	45,799	49,651	44,194	1,478,400
547,602	45,799	49,651	44,194	1,478,400
<u>\$ 568,584</u>	<u>\$ 48,052</u>	<u>\$ 60,903</u>	<u>\$ 394,194</u>	<u>\$ 1,883,440</u>

CITY OF FIREBAUGH, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Gas Tax	Transportation Funds	Development Impact Fees
REVENUES			
Taxes and assessments	\$ 169,358	\$ -	\$ -
Use of money	191	337	-
Intergovernmental	-	183,614	349,739
Charges for services	-	-	61,839
Other revenues	-	-	320
Total Revenues	<u>169,549</u>	<u>183,951</u>	<u>411,898</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public ways and facilities	147,004	110,358	352,952
Public protection	-	-	3,872
Culture and recreation	-	-	-
Community development	-	-	-
Capital outlay	24,909	-	-
Total Expenditures	<u>171,913</u>	<u>110,358</u>	<u>356,824</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,364)</u>	<u>73,593</u>	<u>55,074</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2,364)	73,593	55,074
Fund Balances - Beginning	152,136	327,238	185,477
Prior period adjustment	-	-	-
Fund Balances - Beginning, Restated	<u>152,136</u>	<u>327,238</u>	<u>185,477</u>
Fund Balances - Ending	<u>\$ 149,772</u>	<u>\$ 400,831</u>	<u>\$ 240,551</u>

See the accompanying notes
to the required supplementary
information.

Measure C Funds	Landscape Maintenance	Public Safety	Low-Moderate Housing Assets	Totals
\$ -	\$ -	\$ -	\$ -	\$ 169,358
359	64	170	-	1,121
258,381	45,410	130,053	-	967,197
-	-	-	-	61,839
-	-	-	10,022	10,342
<u>258,740</u>	<u>45,474</u>	<u>130,223</u>	<u>10,022</u>	<u>1,209,857</u>
-	-	-	-	-
118,389	26,978	-	-	755,681
-	-	145,049	-	148,921
-	-	-	-	-
-	-	-	-	-
-	-	-	-	24,909
<u>118,389</u>	<u>26,978</u>	<u>145,049</u>	<u>-</u>	<u>929,511</u>
<u>140,351</u>	<u>18,496</u>	<u>(14,826)</u>	<u>10,022</u>	<u>280,346</u>
-	-	-	12,326	12,326
-	-	-	(29,025)	(29,025)
-	-	-	(16,699)	(16,699)
140,351	18,496	(14,826)	(6,677)	263,647
407,251	27,303	64,477	50,871	1,214,753
-	-	-	-	-
<u>407,251</u>	<u>27,303</u>	<u>64,477</u>	<u>50,871</u>	<u>1,214,753</u>
<u>\$ 547,602</u>	<u>\$ 45,799</u>	<u>\$ 49,651</u>	<u>\$ 44,194</u>	<u>\$ 1,478,400</u>

CITY OF FIREBAUGH, CALIFORNIA
SCHEDULE OF NET REVENUE AVAILABLE FOR DEBT SERVICE
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities -		
	Sewer	Water	Airport
OPERATING REVENUES			
Charges for services	\$ 1,433,868	\$ 1,669,608	\$ 20,660
Delinquent Fees	-	37,720	-
Waste Discharge Fees	2,401	-	-
Toma Tek Service and Reimbursement Revenue	108,716	-	-
Other	59	25,552	-
Total Available Revenues	<u>1,545,044</u>	<u>1,732,880</u>	<u>20,660</u>
OPERATING EXPENSES			
Personnel costs	277,694	288,463	12,732
Supplies Maintenance and Operations	267,986	425,761	5,248
Contractual Services and Utilities	216,972	329,687	10,825
Other expense	4,139	27,671	84
Total Operations and Maintenance	<u>766,791</u>	<u>1,071,582</u>	<u>28,889</u>
NON OPERATING REVENUES AND EXPENSES			
Capacity Charge Revnue	-	-	-
Investment Earnings	3,363	2,851	-
Net Non-operating revenues (expenses)	<u>3,363</u>	<u>2,851</u>	<u>-</u>
TOTAL NET REVEVE AVAILABLE FOR DEBT SERVICE	\$ <u>781,616</u>	\$ <u>664,149</u>	\$ <u>(8,229)</u>
DEBT SERVICE REQUIREMENTS			
1976 Firebaugh Sewer Revenue Bond	\$ 29,400	\$ -	\$ -
2013 Water Revenue Bond	-	122,978	-
2007 USDA Certification of Participation	-	223,144	-
2008 USDA Sewer Loan	<u>192,932</u>	<u>-</u>	<u>-</u>
Total Debt Service	<u>222,332</u>	<u>346,122</u>	<u>-</u>
Net Revenue after Debt Service	<u>\$ 559,284</u>	<u>\$ 318,027</u>	<u>\$ (8,229)</u>
Debt Service Coverage Ratio	<u>3.52</u>	<u>1.92</u>	<u>N/A</u>

See the accompanying notes
to the required supplementary
information.

OTHER REPORTS AND SCHEDULES

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

The Honorable Mayor and Members of the City Council
City of Firebaugh
Firebaugh, California

I have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Firebaugh, as of and for the year ended June 30, 2016, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated January 5, 2017. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City of Firebaugh's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Firebaugh's internal control. Accordingly, I do not express an opinion on the effectiveness of the City of Firebaugh's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

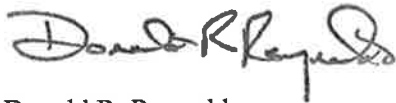
The Honorable Mayor and Members of the City Council
City of Firebaugh
Firebaugh, California

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Firebaugh's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Donald R. Reynolds
Certified Public Accountant
January 5, 2017



TO: Mayor Brady Jenkins and Council Members
FROM: Pio Martin, Finance Director
DATE: February 06, 2017
SUBJECT: Mid-Year Review FY 2016-2017 (July – December 2016)

RECOMMENDATION:

The City Council receive and approve changes.

HISTORY:

The City Council adopted fiscal year 2016-17 budget at its June 06, 2016 meeting. The approved budget totaled \$9,174,755, with \$3,117,484 for salaries and benefits and \$5,251,622 for services and supplies.

As is often the case when adopting a budget, which in a sense is a spending plan, unforeseen savings and expenses occur. The Police Chief Sal Raygoza is requesting to reallocating \$15,000 from account Salaries & Wages 004-4130-1000 and move to Reserve Wages account 004-4130-1004. As of December 31, 2016 the Reserve wages is in a deficit of (\$6,436). This deficit was because of the hiring of two reserve officers and assigning them full time to training and promote to full time police officers. The \$15,000 will cover the deficit balance, 200 hours of reserve patrol, 120 hours for security services and 20 hours of transport. As, for the rest of the city budgets, staff has been working hard to keep their expenses within budget. Please see exhibit A

DISCUSSION:

Reallocating of Salaries & Wages \$15,000 to Reserve Wages

Account	Year to Date	Budget	Percentage	Projection	New Budget
004-4130-1000	282,846	632,841	45%	565,692	617,841
004-4130-1004	12,186	5,750	212%	24,372	20,750

Exhibit A – City Revenue and Expense Status

FISCAL IMPACT:

None

**City of Firebaugh
Mid Year Review
Fiscal Year 2016-17
Exhibit "A"**

<u>Fund</u>	<u>Year to Date</u>	<u>Budget</u>	<u>Percentage</u>	<u>Projection</u>	<u>Difference +/-</u>
General Fund Revenue (004)	1,442,851	2,932,265	49.21%	2,885,701	(46,564)
General Fund Expense	1,224,653	2,396,967	51.09%	2,449,305	52,338
<i>Fund Total (Rev - Expense)</i>	218,198	535,298	40.76%	436,396	(98,902)
Community Center Revenue (086)	9,570	27,000	35.44%	19,140	(7,860)
Community Center Expense	9,518	25,892	36.76%	19,035	(6,857)
<i>Fund Total (Rev - Expense)</i>	52	1,108	4.73%	105	(1,003)
Special Events Revenue (061)	136,194	107,500	126.69%	-	(28,694)
Special Events Expense	113,049	107,253	105.40%	-	(5,796)
<i>Fund Total (Rev - Expense)</i>	23,145	247	9370.58%	-	(22,898)
Public Safety Revenue (006)	6,681	14,025	47.63%	13,361	(664)
Public Safety Expense	1,912	14,000	13.66%	3,825	(10,175)
<i>Fund Total (Rev - Expense)</i>	4,768	25	19073.80%	9,537	9,512
Law Enforcement Revenue (008)	59,354	106,340	55.82%	118,708	12,368
Law Enforcement Expense	53,966	106,339	50.75%	107,933	1,594
<i>Fund Total (Rev - Expense)</i>	5,388	1	5.07%	10,775	10,774
Park / Rec Impact Fees Revenue (098)	-	80,000	0.00%	-	(80,000)
Park / Rec Impact Fees Expenses	13,380	32,500	41.17%	26,760	(5,740)
<i>Fund Total (Rev - Expense)</i>	(13,380)	47,500	-28.17%	(26,760)	(74,260)
Strom Drain Impact Fees Revenue (096)	-	55,000	0.00%	-	(55,000)
Strom Drain Impact Fees Expenses	-	65,000	0.00%	-	(65,000)
<i>Fund Total (Rev - Expense)</i>	-	(10,000)	0.00%	-	10,000

**City of Firebaugh
Mid Year Review
Fiscal Year 2016-17
Exhibit "A"**

<u>Fund</u>	<u>Year to Date</u>	<u>Budget</u>	<u>Percentage</u>	<u>Projection</u>	<u>Difference +/-</u>
Airport Fund Revenue (016)	20,560	35,320	58.21%	41,120	5,800
Airport Fund Expense	17,954	25,679	69.92%	35,908	10,229
<i>Fund Total (Rev - Expense)</i>	<i>2,606</i>	<i>9,641</i>	<i>27.03%</i>	<i>5,212</i>	<i>(4,429)</i>
Water Fund Revenue (036)	1,032,418	1,965,800	52.52%	2,064,837	99,037
Water Fund Expense	926,021	1,915,824	48.34%	1,852,042	(63,782)
<i>Fund Total (Rev - Expense)</i>	<i>106,398</i>	<i>49,976</i>	<i>212.90%</i>	<i>212,795</i>	<i>162,819</i>
Sewer Fund Revenue (040)	743,515	1,534,000	48.47%	1,487,029	(46,971)
Sewer Fund Expense	830,985	1,498,900	55.44%	1,661,971	163,071
<i>Fund Total (Rev - Expense)</i>	<i>(87,471)</i>	<i>35,100</i>	<i>-249.20%</i>	<i>(174,942)</i>	<i>(210,042)</i>
Light & Landscape Revenue (043)	23,075	45,000	51.28%	46,150	1,150
Light & Landscape Expense	8,774	32,358	27.11%	17,548	(14,810)
<i>Fund Total (Rev - Expense)</i>	<i>14,301</i>	<i>12,642</i>	<i>113.12%</i>	<i>28,602</i>	<i>15,960</i>
Solid Waste Revenue (080)	211,638	436,425	48.49%	423,276	(13,149)
Solid Waste Expense	201,081	396,886	50.66%	402,161	5,275
<i>Fund Total (Rev - Expense)</i>	<i>10,557</i>	<i>39,539</i>	<i>26.70%</i>	<i>21,114</i>	<i>(18,425)</i>

**City of Firebaugh
Mid Year Review
Fiscal Year 2016-17
Exhibit "A"**

<u>Fund</u>	<u>Year to Date</u>	<u>Budget</u>	<u>Percentage</u>	<u>Projection</u>	<u>Difference +/-</u>
Gax Tax Revenue (012)	62,373	146,703	42.52%	124,745	(21,958)
Gas Tax Expense	72,422	134,500	53.85%	144,845	10,345
Fund Total (Rev - Expense)	(10,050)	12,203	-82.36%	(20,100)	(32,303)
Local Transportation Article III Revenue (025)	-	5,594	0.00%	-	(5,594)
Local Transportation Article III Expense	-	-	0.00%	-	-
Fund Total (Rev - Expense)	-	5,594	0.00%	-	(5,594)
Transportation Development Act - TDA Revenue (028)	-	145,350	0.00%	-	(145,350)
Transportation Development Act - TDA (028)	135,060	216,055	62.51%	270,120	54,065
Fund Total (Rev - Expense)	(135,060)	(70,705)	191.02%	(270,120)	(199,415)
Measure C-1 Revenue (033)	75,304	120,000	62.75%	150,608	30,608
Measure C-1 Expense	35,869	93,852	38.22%	71,738	(22,114)
Fund Total (Rev - Expense)	39,435	26,148	150.81%	78,870	52,722
Measure C-2 Revenue (034)	2,591	4,010	64.62%	5,182	1,172
Measure C-2 Expense	-	4,000	0.00%	-	(4,000)
Fund Total (Rev - Expense)	2,591	10	25911.50%	5,182	5,172
Measure C-3 Revenue (035)	81,650	130,200	62.71%	163,300	33,100
Measure C-3 Expense	6,621	158,980	4.16%	13,241	(145,739)
Fund Total (Rev - Expense)	75,029	(28,780)	-260.70%	150,058	178,838
Gas Tax Revenue (067)	19,902	18,866	105.49%	39,803	20,937
Gas Tax Expenses	16,755	18,264	91.74%	33,511	15,247
Fund Total (Rev - Expense)	3,146	602	522.62%	6,292	5,690

**City of Firebaugh
Mid Year Review
Fiscal Year 2016-17
Exhibit "A"**

<u>Fund</u>	<u>Year to Date</u>	<u>Budget</u>	<u>Percentage</u>
Poso Canal Pedestrian & Bike Path Revenue (065)	10,185	280,000	3.64%
Poso Canal Pedestrian & Bike Path Expense	16,664	280,000	5.95%
<i>Fund Total (Rev - Expense)</i>	<i>(6,478)</i>	<i>-</i>	
Highway 33 Beautification Revenue (078)	1,550	1,778,797	0.09%
Highway 33 Beautification Expense	3,231	1,778,797	0.18%
<i>Fund Total (Rev - Expense)</i>	<i>(1,682)</i>	<i>-</i>	
CML-5224-019 Revenue (103)	17,556	280,868	6.25%
CML-5224-019 Expenses	98,556	280,868	35.09%
<i>Fund Total (Rev - Expense)</i>	<i>(81,000)</i>	<i>-</i>	
Las Deltas Water Revenue (107)	52,055	278,699	18.68%
Las Deltas Water Expenses	57,658	278,699	20.69%
<i>Fund Total (Rev - Expense)</i>	<i>(5,603)</i>	<i>-</i>	
Waste Water Treatment Plant Improvement Revenue (110)	-	380,000	0.00%
Waste Water Treatment Plant Improvement Expenses	58,795	380,000	15.47%
<i>Fund Total (Rev - Expense)</i>	<i>(58,795)</i>	<i>-</i>	
Charge Up Program Revenue (111)	-	10,000	0.00%
Charge Up Program Expense	10,000	10,000	100.00%
	<i>(10,000)</i>	<i>-</i>	
Sr. Center, Water, Code Enforcement Revenue (123)	17,913	2,000,000	0.90%
Sr. Center, Water, Code Enforcement Expense	127,685	2,000,000	6.38%
<i>Fund Total (Rev - Expense)</i>	<i>(109,772)</i>	<i>-</i>	

SPECIAL MEETING MINUTES

The City Council/Successor Agency of the City of Firebaugh Vol. No. 17/01-23

Location of Meeting: Andrew Firebaugh Community Center
1655 13th Street, Firebaugh, CA 93622
Date/Time: January 23, 2017/6:00 p.m.

CALL TO ORDER Meeting called to order by Mayor Jenkins at 6:00 p.m.

ROLL CALL

PRESENT: Mayor Brady Jenkins
Council Member Elsa Lopez
Council Member Freddy Valdez
Council Member Marcia Sablan
Council Member Felipe Perez 6:17 pm

ABSENT:

OTHERS: City Attorney Meggin Boranian; Acting City Manager/Public Works Director, Ben Gallegos; Finance Director, Pio Martin; Deputy City Clerk, Rita Lozano; Police Chief, Sal Raygoza; City Engineer, Mario Gouveia, Raquel Tabares & others.

PLEDGE OF ALLEGIANCE Council Member Valdez led pledge of Allegiance.

PRESENTATION

Claudia Solis-Alcala– Provide a presentation and offered a proposal to manage Facebook for the City at \$20 per hour, a trail bases for 6 months, one year agreement with the City and possibly classes or training on the use of Facebook.

PUBLIC COMMENT

Laura Garcia thanked council for the support on a waiver for the use of the Community Center on January 12, 2017 to hold a fund raising event for the Firebaugh Falcon Cheerleaders to travel to Vegas to compete. Three of the four cheerleading division's placed at the national completion. Pee wee's placed 2nd place in Cheer & Dance, Junior's placed 2nd in Dance and the Senior's placed 3rd in Cheer and 1st in dance.

CONSENT CALENDAR

1. APPROVAL OF MINUTES – The City Council regular meeting on January 9, 2017.

Motion to approve minutes by Council Member Valdez, second by Council Member Sablan motion pass by 4-0 vote.

2. WARRANT REGISTER – Period starting December 1, and ending on December 31, 2016.

December 2016	General Warrants	#34405 - #34552	\$ 735,846.79
	Payroll Warrants	#67655 - #67754	\$ 212,395.97
TOTAL			\$ 948,242.76

Motion to approve warrants by Council Member Valdez, second by Council Member Sablan motion pass by 3-0 vote. Lopez – Abstain from check # 34505.

PUBLIC HEARING

3. **ORDINANCE NO. 16-07 - AN ORDINANCE OF THE CITY OF FIREBAUGH ADDING A NEW SUBSECTION ENTITLED "WIRELESS TELECOMMUNICATIONS FACILITIES" TO CHAPTER 13 OF THE FIREBAUGH MUNICIPAL CODE, TO PROVIDE UNIFORM AND COMPREHENSIVE REGULATIONS AND STANDARDS, ALONG WITH PERMIT REQUIREMENTS FOR THE INSTALLATION OF WIRELESS TELECOMMUNICATIONS FACILITIES IN THE PUBLIC RIGHT-OF-WAY – SECOND READING.** – Council Member Perez enter meeting.

Open Public Hearing at 6:29 pm – No Public Comment given - Close Public Hearing @ 6:30 pm.

Motion to accept Ord No 16-07 by Council Member Valdez, second by Council Member Lopez, motion pass by 5-0 vote.

4. **ORDINANCE NO. 17-01 - AN ORDINANCE OF THE CITY OF FIREBAUGH ADDING SECTION 27-2 TO CHAPTER 27 OF THE FIREBAUGH MUNICIPAL CODE PERTAINING TO SPECIAL PROVISIONS APPLICABLE TO STATE VIDEO SERVICE FRANCHISE HOLDERS – FIRST READING.**

Open Public Hearing at 6:30 pm – No Public Comment given - Close Public Hearing @ 6:31 pm.

Motion to waive the first reading of Ord No 17-01 by Council Member Valdez, second by Council Member Lopez, motion pass by 5-0 vote.

NEW BUSINESS

5. **RESOLUTION NO. 17-01 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FIREBAUGH, ACKNOWLEDGING AND APPROVING DISSOLUTION OF THE WESTSIDE CITIES CABLE TELEVISION AUTHORITY AND TERMINATION OF THE JOINT EXERCISE OF POWERS AGREEMENT BY MUTUAL AGREEMENT.**

Motion to accept Resolution No 17-01 and include resolution No 15-01 approved by the Westside Cable Authority, by Council Member Valdez, second by Council Member Sablan, motion pass by 5-0 vote.

6. **RESOLUTION NO. 17-02 - RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FIREBAUGH ACCEPTING BID AND AWARDING CONTRACT TO ROLFE CONSTRUCTION FOR WATER MAIN REPLACEMENT 15-CDBG-10568.**

Motion to accept Resolution No 17-02 by Council Member Valdez, second by Council Member Sablan, motion pass by 5-0 vote.

7. **THE CITY COUNCIL OF THE CITY OF FIREBAUGH TO DISCUSS AND CONSIDER REVIEW OF RESOLUTION NO 12-59 REGARDING HEALTH INSURANCE FOR COUNCIL MEMBERS.**

Attorney advised Council that they cannot have more than offered to employees on benefits. Councilmember Valdez inquired if there is a surplus in the budget, if so, benefits should be offered to Councilmembers and directed staff to contact Brookers to look in to other health coverages. Staff informed Council that leaving CalPERS Health Insurance is a negotiated item with the unions.

Informational Item only – pending mid-year review.

SUCCESSOR AGENCY

None

STAFF REPORTS

- **Police Chief, Sal Raygoza** – Nothing to report.
- **Finance Director, Pio Martin** – VNS completed Wi-Fi work at the Community Center, Senior Center and Water site. Auditor will present finished audit on February 6, City has contract with him for one more year.
- **Public Works Director, Ben Gallegos** – Will be off Wednesday, Thursday & Friday to attend a funeral out of town. Will meet with the union representatives tomorrow. Working with Architect for the Senior Center Remodel, so you may hear complaints about several holes that have been made at that location. Had a meeting with a developer interested in building an apartment complex along with Council Member Perez. The developer staff has been working with is still interested in building homes, so he is seeking land to purchase from the city. Staff has contact a company to do an appraisal at the Maldonado and Courthouse Park. One estimated cost for the appraisal in \$3500 and the other is \$500. No storm drain problems to report with all the rain. Friant Dam is releasing more water, City has sandbags if needed. Mid-Valley is placing a container at the sewer plant for green waste during the winter. Dunkle Park grandstand is being remodeled, a contractor will be on-site next week for reconstruction. February 3, 2017 at 3:00 pm will be the Ethics Training. Received complaints from residents, stating the Post Office informed them that if they can't park at the community mailboxes, they will not deliver the mail and replied the City has to correct the problem. Staff informed that is a false statement, since the city staff has painted the curbs red at the community mailboxes.
- **City Attorney, Meggin Boranian**– Update on new laws, attended a meeting with the Deputy County Council regarding the courthouse. They advised the have no problem with the city taking over and moving in to the old courthouse as long as the rental agreement with the county would remain on the same terms. They would support the city and provide a waiver of the building and agree to the City of Firebaugh taking ownership but they had landlord questions. Social Security, Ag Department and Library would remain in the current occupied buildings, rent would remain the same. Senator Canella need's an appraisal to present to Assembly Member Arambula to get support for additional money for transfer and relocation.
- **Council Member Sablan** – Stated River Lane improvements looks good, and inquired if there is an entrance to the community garden. Staff replied there is a driveway approach for entrance to the garden.
- **Council Member Jenkins** – Inquired were the proposed apartments complex will be built. Staff informed at Del Rio and Hwy 33. Spoke with Sean Ramirez of Cal Ripken baseball league about installing a portable pitching mound, so the school's Jr team could play there. Staff replied it wouldn't work because they have games at the same time and the field's dimensions are different for both. Asked Police Chief to provide an update on issued parking permits for resident that live near the school, so students don't parking in residential parking areas.

PUBLIC COMMENT ON CLOSED SESSION ITEM ONLY

CLOSED SESSION

ANNOUNCEMENT AFTER CLOSED SESSION:

ADJOURNMENT - Motion to adjourn by Councilmember Valdez, second by Councilmember Sablan; motion passes by 5-0 vote at 7:32 p.m.

ORDINANCE NO. 17-01

AN ORDINANCE OF THE CITY OF FIREBAUGH ADDING SECTION 27-2 TO CHAPTER 27 OF THE FIREBAUGH MUNICIPAL CODE PERTAINING TO SPECIAL PROVISIONS APPLICABLE TO STATE VIDEO SERVICE FRANCHISE HOLDERS

The City Council of the City of Firebaugh does hereby ordain as follows:

SECTION 1. Chapter 27- FRANCHISES of the City of Firebaugh Municipal Code is hereby amended to add Section 27-2 to read as follows:

Section 27-2 Special Provisions Applicable to State Video Service Franchise Holders

27-2.1 Purpose and authority.

27-2.2 Definitions.

27-2.3 Franchise fee.

27-2.4 PEG fee.

27-2.5 Audit authority.

27-2.6 Customer Service Penalties Under State Franchises.

27-2.7 City Response to State Franchise Applications.

27-2.8 PEG Channel Capacity and Interconnectivity.

27-2.9 Extension of Existing City Franchise.

27-2.1 Purpose and Authority.

Under State law effective January 1, 2007, the California Public Utilities Commission (PUC) has the sole authority to grant State franchises to provide video service. Pursuant to this State law, the City has certain rights and responsibilities with respect to state franchise holders, which include the receipt of a franchise fee and a fee for public, educational and government (PEG) purposes, and the authority to establish and enforce penalties for violations of customer service rules. The City retains authority to regulate the City's current cable franchise in accordance with Chapter 27 and the cable franchise currently in effect until such time as the cable franchisee no longer holds a City franchise or is no longer operating under a current or expired City franchise.

27-2.2 Definitions.

For the purposes of this Article, the following words shall have the following meanings.

- a. "Gross revenue" shall have the meaning ascribed that term in Section 5860 of the California Public Utilities Code.
- b. "Holders" shall have the meaning ascribed that term in Section 5830 of the California Public Utilities Code.
- c. "State franchise" shall have the meaning ascribed that term in Section 5830 of the California Public Utilities Code.
- d. "Video service" shall have the meaning ascribed that term in Section 5830 of the California Public Utilities Code.

27-2.3 Franchise fee.

For any State franchise holder operating within the boundaries of the City, there shall be a fee paid to the City equal to five percent (5%) of the gross revenue of the State franchise holder.

27-2.4 PEG fee.

For any State franchise holder operating within the boundaries of the City, there shall be a fee paid to the City equal to one percent (1%) of the gross revenue of that state franchise holder, which fee shall be used by the City for PEG purposes consistent with State and Federal law.

27-2.5 Audit authority.

Not more than once annually, the City Manager or his or her designee may examine and perform an audit of the business records of a state franchise holder to ensure compliance with Sections 27.2.3 and 27.2.4.

27-2.6 Customer Service Penalties Under State Franchises.

- a. Applicable Law. Any State franchise holder shall comply with all applicable State and Federal customer service and protection standards pertaining to the provision of video service.
- b. Penalties for Violation. The City Manager or his or her designee shall monitor the compliance of the state franchise holders with respect to state and federal customer service and protection standards. The City Manager shall provide the State franchise holders written notice of any material breaches of applicable customer service standards, and will allow the State franchise holder thirty (30) days from the receipt of the notice to remedy the specified material breach. Material breaches not remedied within the thirty (30) day time period will be subject to the following penalties to be imposed by the City:
 1. For the first occurrence of violation, a fine of Five Hundred Dollars (\$500.00) shall be imposed for each day the violation remains in effect, not to exceed One Thousand Five Hundred Dollars (\$1,500.00) for each violation.
 2. For each violation of the same nature within twelve (12) months, a fine of One Thousand Dollars (\$1,000.00) shall be imposed for each day the violation remains in effect, not to exceed Three Thousand Dollars (\$3,000.00) for each violation.
 3. For a third or further violation of the same nature within twelve (12) months, a fine of Two Thousand Five Hundred Dollars (\$2,500.00) shall be imposed for each day the violation remains in effect, not to exceed Seven Thousand Five Hundred Dollars (\$7,500.00) for each violation.
- b. Appeal Procedure. A state franchise holder may appeal a penalty assessed by the City Manager to the City Council within thirty (30) days of the assessment. The City Council shall hear all evidence and relevant testimony and may uphold, modify, or vacate the penalty. The City Council's decision regarding the imposition of a penalty pursuant to this section shall be final. In the absence of any appeal, the imposition of the penalty shall be deemed final thirty (30) days after the assessment.

27-2.7 City Response to State Franchise Applications.

- a. Applicants for the State franchises within boundaries of the City must concurrently provide copies to the City of any application or amendments to applications filed with the California Public Utilities Commissioner (PUC). One complete copy must be provided to the City Manager.
- b. Within thirty (30) days of receipt, the City Manager will provide appropriate comments to the PUC regarding an application or an amendment to an application for a State franchise.

27-2.8 PEG Channel Capacity and Interconnectivity

State franchisees shall provide the PEG channels required by California Public Utilities Code Section 5870 and satisfy the interconnectivity provisions of that section.

27-2.9 Extension of Existing City Franchise.

Any entity providing video service under an expired franchise with the City on March 1, 2017, shall hereby have the terms of its franchise with the City extended on the same terms and conditions until a State franchise is issued. Any extension made pursuant to this section does not preclude the City from further modifications, renewals, extensions or termination of that franchise with the City. A State franchise shall be mandatory for any entity whose franchise has expired and for any entity that has a City franchise after a State franchise is granted for another entity.

SECTION 2. Effective Date.

This ordinance shall go into effect and be in full force and operation from and after thirty (30) days after its final passage and adoption.

The foregoing Ordinance No. 17-01 was introduced at a special meeting of the City Council of the City of Firebaugh on the 23rd day of January, 2017, and was passed and adopted at a regular meeting of the City Council on the 6th day of February, 2017, by the following vote:

AYES

NOES:

ABSTAIN:

ABSENT:

APPROVED:

ATTEST:

Brady Jenkins, Mayor

Rita Lozano, Deputy City Clerk

FIREBAUGH CITY COUNCIL

STAFF REPORT

Date: February 6, 2017
To: Firebaugh City Council
From: Karl Schoettler, Planning Consultant
Subject: Public Hearing for Bicycle Transportation Plan and associated environmental analysis

Summary/Recommendation

The action is a public hearing for adoption of the 2016 Firebaugh Bicycle Transportation Plan and an associated environmental analysis. The Plan includes analysis, maps and policies for the City to establish a comprehensive bicycle path network over time. It is important for the City to have the plan to qualify for State and Federal funding. The Planning Commission has recommended the City Council vote to adopt the Plan and environmental analysis.

Discussion

The 2030 Firebaugh General Plan contains action plans directing the City to prepare a bicycle plan to improve the feasibility of bicycling as an effective means of transportation within the City. As a result, the City has worked with Land Use Associates of Fresno to prepare a Bicycle Transportation Plan (BTP) for Firebaugh (at no cost to the City, through the Valley Blueprint process). The BTP proposes a future network of bike lanes and pathways, along with goals, objectives and action plans to establish the network.

The Plan is now ready for adoption, following informational workshops with the Planning Commission and City Council last year. During the intervening time the City referred the Plan to Caltrans for review and comment. Caltrans suggested some minor changes, which were incorporated into the Plan.

Plan Overview

The BTP includes the following seven sections:

- 1.1 Introduction
- 1.2 Setting and Project Area
- 1.3 Bicycle Facilities
- 1.4 Goals and Policies
- 1.5 Compliance with Streets and Highways Code
- 1.6 Funding
- 1.7 Implementation

Recognizing the environmental and public health benefits of bicycling, the BTP is intended to create a comprehensive network of bike lanes and pathways to allow residents of Firebaugh to access all parts of the community on bicycle.

The BTP includes a map that shows future bike lanes and bike paths. The Plan also shows various types of bike routes (Class I, II and III) and identifies various types of funding sources the City can pursue to complete the network.

Perhaps the most important aspect of the BTP is that it will allow the City to pursue State (Caltrans) funding for the creation of the bike path network. Without a certified BTP the City would not be able to access such funding.

Environmental Analysis

The consultant also prepared an environmental study to analyze potential environmental impacts of the BTP. The study was circulated for 30 days for public review and comment. At the end of the comment period, no comments had been received. Accordingly, the recommendation is for the City to adopt a Negative Declaration as the environmental finding.

Planning Commission Recommendation

The Planning Commission conducted a public hearing on the BTP on November 14, 2016 and voted unanimously to recommend adoption. One member of the public spoke during the hearing. Mr. Craig Knight voiced his opposition to the BTP designating a future pathway adjacent to the San Joaquin River along property he owns off the east end of 8th Street. The Plan designates this segment as a northern extension of the City's existing multi-use trail along the river.

Staff explained that this trail alignment was originally established in the 2030 General Plan (adopted in 2010) and does not automatically mean a bike path will be constructed or land taken to accomplish this. The City would have to acquire land for a path in one of several ways:

- Require dedication of a strip of land as a condition of private development of the property (similar to the way cities require developers to dedicate land for streets, parks, etc.); or
- Require an easement as a condition of development of the property; or
- Purchase the strip (or an easement) outright.

Another concern is that when the City eventually grows north (albeit many years from now) there would be a significant gap in the riverfront trail, if this segment is deleted. In the end, the Planning Commission voted to leave the riverside bike path alignment in place in the belief that a gap is not preferable, and the City could acquire the alignment through one of the means identified above.

ATTACHMENTS

- Resolution
- 2016 Firebaugh Bicycle Transportation Plan

RESOLUTION NO 17-03

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FIREBAUGH APPROVING THE 2016 FIREBAUGH BICYCLE TRANSPORTATION PLAN AND A NEGATIVE DECLARATION PREPARED FOR THE PLAN

WHEREAS, State Law, California Streets and Highways code Sections 890 et. seq. allows California cities and counties to prepare and adopt a Bicycle Transportation Plan pertaining to the establishment of bicycle facilities within the jurisdiction, and

WHEREAS, the 2030 Firebaugh General Plan includes policies directing the City to prepare a bicycle plan, and

WHEREAS, the General Plan acknowledges that bicycling provides a realistic and meaningful form of transportation in the community, and the feasibility of bicycling can be improved with the creation of a formal bicycle route network, and

WHEREAS, Firebaugh has prepared a Bicycle Transportation Plan that is consistent with the California Streets and Highways Code, and

WHEREAS, the Firebaugh Bicycle Transportation Plan includes an assessment of existing conditions, establishes a list and map showing proposed bicycle routes, establishes goals, objectives and action plans, identifies funding sources and establishes implementation strategies, and

WHEREAS, the City surveyed local residents to ascertain their concerns and desires about bicycling during the City's annual bicycle rodeo in 2015, and

WHEREAS, the City Council and Planning Commission have previously conducted informational workshops on the Bicycle Transportation Plan, and

WHEREAS, the City has also completed its responsibilities under the California Environmental Quality Act of 1970, as amended, and has prepared and circulated an Initial Environmental Study (State Clearinghouse # 2016051037) which evaluated the potential environmental impacts of the Bicycle Transportation Plan. The Initial Study determined the Bicycle Transportation Plan would have no significant impacts on the environment and recommends adoption of a Negative Declaration, and

WHEREAS, the Planning Commission conducted a public hearing on November 14 and voted to recommend adoption of the Bicycle Transportation Plan and associated environmental finding, and

WHEREAS, a public hearing notice was published ten (10) days prior to the City Council's meeting.

NOW, THEREFORE, BE IT RESOLVED that the following findings are hereby considered and adopted regarding the Firebaugh Bicycle Transportation Plan and proposed Negative Declaration:

1. The proposed Bicycle Transportation Plan is consistent with the goals, objectives and policies of the Firebaugh General Plan.
2. The Bicycle Transportation Plan is consistent with California Streets and Highways Code Section 890 et. seq.
3. The Bicycle Transportation Plan establishes a proposed network of bicycle routes, along with goals, objectives and action plans, identifies funding sources and establishes implementation methods.
4. The City has conducted an Initial Environmental Study consistent with the requirements of CEQA (California Environmental Quality Act) which found that the Bicycle Transportation Plan will not have a significant impact on the environment. Accordingly, a Negative Declaration has been prepared for adoption.

BE IT FURTHER RESOLVED, that the City Council approves the 2016 Bicycle Transportation Plan and the associated Negative Declaration.

The foregoing Resolution was approved and adopted at a regular meeting of the City Council of the City of Firebaugh held on the 19th day of December, 2016, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

ATTEST:

Brady Jenkins, Mayor

Rita Lozano, Deputy City Clerk

City of Firebaugh Bicycle Transportation Plan



City of Firebaugh
November 2016

Firebaugh Bicycle Transportation Plan



Prepared as a Component of the Fresno Council of Governments
Circuit Planner /Project Liaison Program

Prepared by Land Use Associates and
Firebaugh Planning Department

November 2016

Table of Contents

CONTENTS

1.1 INTRODUCTION.....1

1.2 SETTING AND PROJECT AREA1

1.3 BICYCLE FACILITIES3

1.4 BICYCLE TRANSPORTATION PLAN GOALS AND POLICIES6

1.5 COMPLIANCE WITH SECTION 891.2 OF THE STREETS AND HIGHWAYS CODE 8

1.6 FUNDING BICYCLE TRANSPORTATION PLAN IMPROVEMENTS19

1.7 IMPLEMENTATION20

MAPS

1 REGIONAL LOCATION2

2. GENERAL PLAN LAND USE/CIRCULATION MAPAFTER PAGE 9

3. BIKE PLAN MAPAFTER PAGE 9

1.1 INTRODUCTION



According to the California Streets and Highways Code, Sections 890 through 894.2, local agencies must complete a Bicycle Transportation Plan (BTP) to qualify for grant funds issued by Caltrans through the Active Transportation Plan (ATP). Conforming plans must be no more than five years old. To maintain eligibility for ATP funding, the City should update the BTP on a five-year cycle. The BTP establishes goals, policies, implementation actions and priorities for the development of bicycle facilities in the Firebaugh as envisioned by the Firebaugh General Plan.

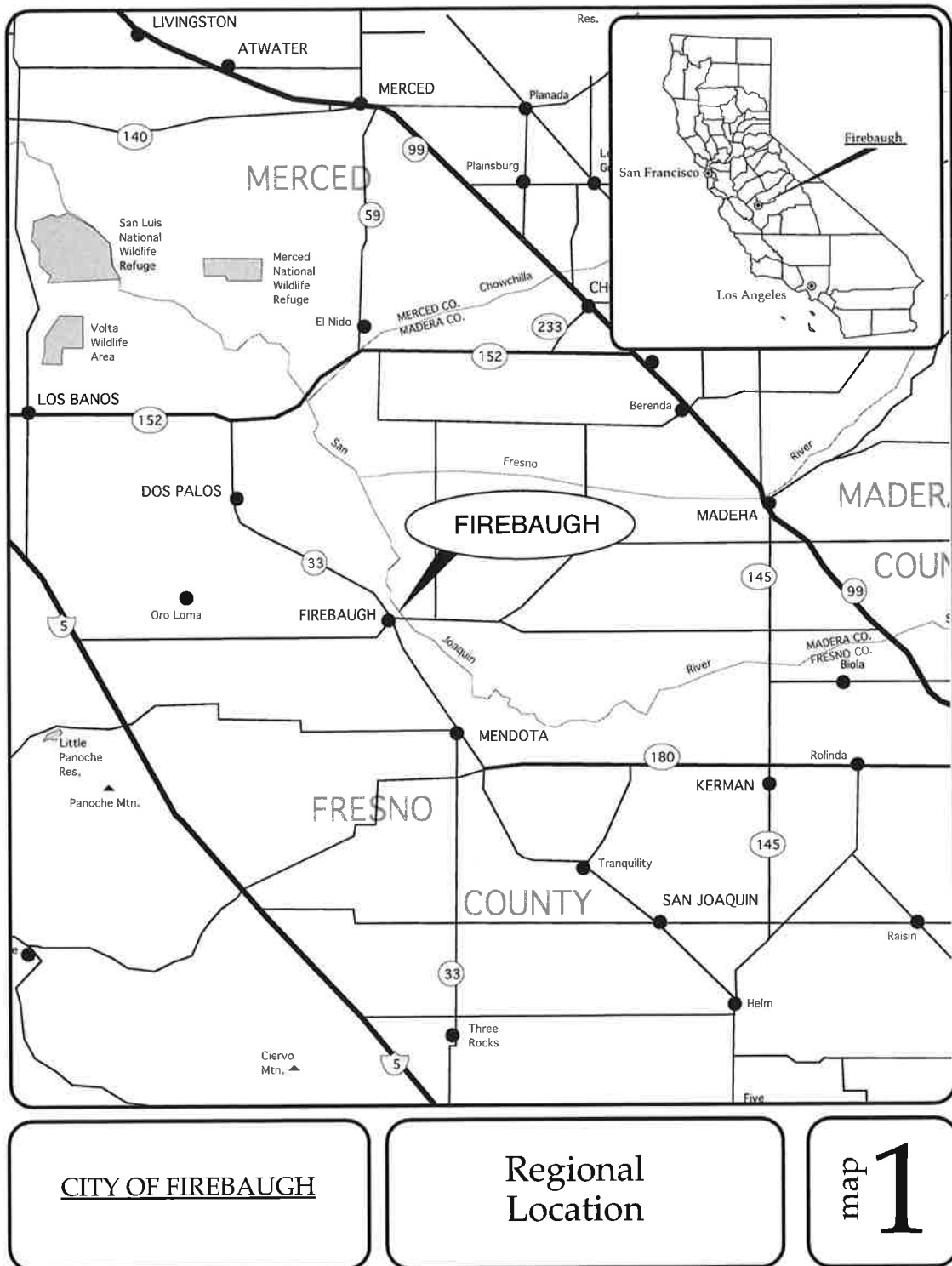
The BTP will improve funding for bicycle improvements in Firebaugh. In addition to ATP requirements, Fresno County's Measure "C" half-cent sales tax extension approved in 2006 has allocated nearly \$55 million countywide for bicycle infrastructure between 2007 and 2027. Measure "C" requires that jurisdictions have an adopted Transportation plan for pedestrian/trail facilities (including Class I bike paths) to receive funding for bicycle infrastructure.

1.2 SETTING AND PROJECT AREA

Firebaugh is one of 15 cities located in Fresno County and situated in the midst of California's agriculturally rich San Joaquin Valley (see Map 1). This small community is located northwest of Fresno on Highway 33. Incorporated in 1914, Firebaugh has grown from a ferry crossing to a small agriculture based city. Before the railroad, the San Joaquin River was the major thoroughfare to serve upstream communities. The ferry, located in Firebaugh, was a major area crossing for prospectors heading for the gold country.

Ferries were the only way to cross the river until the late 1800s when the first bridges were built. The San Joaquin River played a major role in the settling of the valley and Firebaugh is one of the oldest historical towns on the Westside.

The BTP applies to Firebaugh's incorporated area and also outlines planned bicycle facilities in the City's Sphere of Influence with interconnection to regional facilities planned by Fresno County. Formal bike paths and pedestrian trails in Firebaugh are limited to the existing three-quarter mile long trail along the San Joaquin River, north and south of the 13th Street Bridge. This trail also has an on-street spur that runs along the south side of 9th Street between Q Street (adjacent to the river) and O Street (to the plaza at West Hills College).



1.3 BICYCLE FACILITIES

Chapter 1000 of the Caltrans *Highway Design Manual* identifies three types of bikeways:



Class I - Bike Paths provide a separated right-of-way for the exclusive use of bicycles and pedestrians. These facilities can also be used as multi-use trails. Amenities on Class I bike paths include lighting, directional signage, and benches. Water fountains and restrooms may also be included. In addition to continuous separation from traffic, key components to a successful bike path include:

- Scenic qualities
- Connection to activity centers
- Street crossings with measures such as median islands and warning signs
- Proper maintenance

The typical width standard for a Class I facility is 12 feet – six feet for each travel direction. The minimum allowable width for Class I paths according to the Caltrans Highway Design Manual is eight feet. If funded by Measure “C,” Class I paths must be twelve feet wide. The implementation of Class I bike paths along irrigation canals requires coordination with the canal owner and/or operator; in many cases a joint use agreement will be necessary. Additionally, bike paths adjacent to canals should be designed to address safety concerns.



Class II - Bike Lanes are areas within paved streets, generally on the road shoulder, identified with striping, stencils, and signs for preferential bicycle use. Bicycle lanes are one-way facilities typically paired on opposite sides of the street to facilitate two-way travel. Bicycle lanes separate cyclists from traffic by striping, allowing cyclists to travel within their own lane.

In urban settings, lanes are often placed within the road right of way and separated by barriers from traffic in order to create bicycle commute lanes.



Class III - Bike Routes are shared right-of-way with vehicles, signed as a bike route. They are typically intended to provide continuity to a larger bike system network and street parking is often either removed or restricted to reflect this usage. The designation of a bike route is intended to indicate that a higher degree of service is specified for that roadway, whether it is

maintenance, adjustment of traffic control devices to accommodate bicyclists, or parking restriction.

Retrofitting Existing Roadways. Retrofitting existing streets and roadways may be necessary to accommodate bicyclists. The following guidelines will be considered when determining which portions of a roadway may be modified.



Reconsider Need for Parking. As appropriate, the City will evaluate the need for on-street parking. In areas with low parking demand, parking and bicycle lanes may be combined, yet still accommodate parking needs of nearby residences and businesses.



These before and after photos show how an existing street that had dangerous and high traffic speeds was safely reconfigured with bike lanes and cross walks.

Traffic Speed and Lane Widths. In areas where speed zones are less than 35-miles per hour, narrower travel lanes and/or center turn lanes may be appropriate (refer to Caltrans Highway Design Manual Table 101.2 for lower speed facilities). These narrower lane widths could provide more space on a street for bicycle lanes without the need for widening.



A four lane road was reconfigured to provide a continuous left turn lane, freeing up room for bike lanes on the margins.

Number of Lanes and Lane Widths. In areas with four traffic lanes and a significant number of left-turn movements, re-striping for a continuous left-turn lane, two travel lanes and two bike lanes may be considered. Re-striping will also depend on traffic volumes.

1.4 BICYCLE TRANSPORTATION PLAN GOALS AND POLICIES

The Firebaugh 2030 General Plan addresses bicycling and walking as important forms of transportation. In a small community like Firebaugh, bicycling or walking can provide a realistic way to make trips around the community. For example, the downtown is easily reached by a relatively short bicycle ride, and by walking for many neighborhoods. When added to the local bike and pedestrian traffic generated by school-aged children, it is important to properly locate and design Firebaugh's bike path and trail system.

Firebaugh also has the advantage of having the San Joaquin River along the east side of the City which presents the opportunity to create a pathway for use by pedestrians and bicyclists. The City has already constructed the first portion of a pathway along the river. Extending this pathway is of critical importance. Finally, the numerous irrigation canals that traverse the City provide an opportunity for the installation of multi-purpose trails along canal banks.

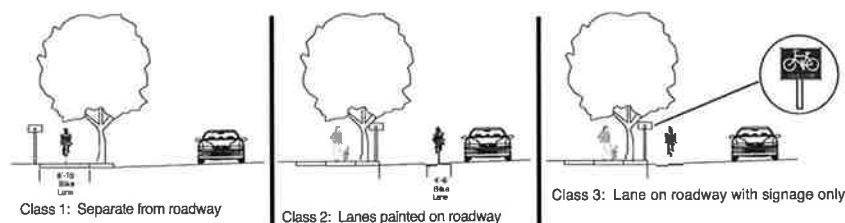
The Firebaugh General Plan Circulation Element contains the following goals and objectives with regard to bicycling.

Goals, Objectives, Action Plans

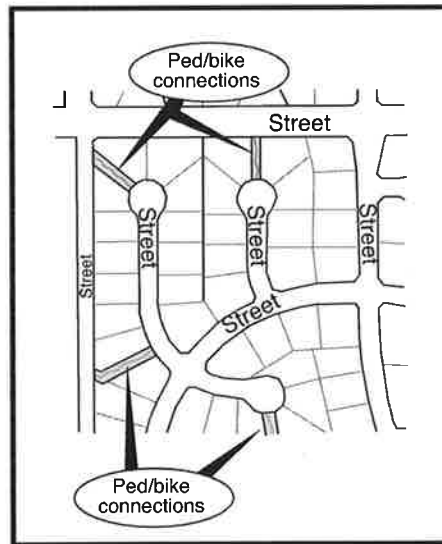
1. Encourage residents to walk and ride bikes for good health as well as for environmental reasons.

A. Develop a trail and bike path plan for the City of Firebaugh.

- 1) The Circulation Element map designates bike routes and pedestrian trails in the planning area.
- 2) Require new development to install bike and pedestrian pathways designated on the Circulation Element Map, where the development abuts the route of the pathway. For other portions of pathways, apply for state and federal funds to finance the construction of the pathway system.
- 3) Bike paths will be constructed consistent with the bike path cross-section illustrated below.



- 4) Provide signage for walking and bicycling paths.
2. **Work with the County of Fresno to ensure that Firebaugh's trail and bike path plan is linked to the County's regional bikeway network.**
 - A. The City shall maintain contact with Fresno County to ensure consistency between City and County bike plans.
3. **Provide safe, attractive and convenient pedestrian access to all areas of the City, including between neighborhoods.**
 - A. Require new subdivisions to include pedestrian "paseos" at cul-de-sacs and elbows. This shall be incorporated into the Design Guidelines specified by the General Plan.

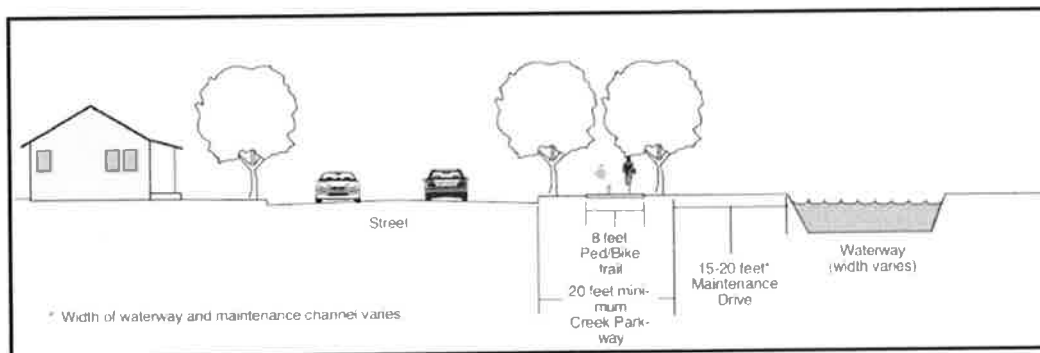


A subdivision designed with pedestrian connections from cul-de-sacs to adjoining streets makes walking and cycling connections easier.

- B. Maintain and repair sidewalks to make them safe for pedestrians.
- C. Plant existing parkways that lack trees to make the walking experience more enjoyable.

4. Investigate the use of canal easements for walking paths.

- A. Work with Central California Irrigation District and the Planning Commission to devise a Waterway and Trails Transportation Plan. Until adopted, the City should use the design shown below as a guide for developing open space/trails along canals.



1.5 COMPLIANCE WITH SECTION 891.2 OF THE STREETS AND HIGHWAYS CODE

In order to be eligible for funding from the State Bicycle Transportation Account (BTA), a local agency must include within its Bicycle Transportation Plan a discussion of the eleven separate elements listed in Section 891.2 of the Streets and Highways Code. The local agency governing board must adopt the Bicycle Transportation Plan or certify that it has been updated and complies with State law and the Regional Transportation Plan. Furthermore, the Bicycle Transportation Plan must be submitted to the Council of Fresno County Governments for review and certification that it complies with Section 891.2 and the Fresno County Regional Transportation Plan.

The following section addresses the eleven required elements as listed in Section 891.2 of the California Streets and Highways Code. Section 891.2 states: *A city or county may prepare a bicycle transportation plan, which shall include, but not be limited to, the following elements:*

- (a) *The estimated number of existing bicycle commuters in the plan area and the estimated increase in the number of bicycle commuters resulting from implementation of the plan.***

RESPONSE: According to the most recent California Department of Finance information, the population of Firebaugh on January 1, 2015 was 7,779. The built-up area covers approximately 2.9 square miles, most of which is flat. Combined with a semi-arid climate, the City's topography makes it a candidate for more than the average number of bicycle riders. This is particularly true for trips to school and to centrally located commercial and employment enterprises.

A verifiable estimate of the number of bicycle commuters in Firebaugh is not available because no formal survey has been conducted. Fresno County, in conjunction with creating their Regional Bicycle Master Plan, conservatively estimated the number of bicycle commuters at 0.5% of the population over 16 years of age (students commuting to school would not be included in this estimate). With that as a guideline, Firebaugh would have 15 commuter bicyclists per day for a population of 2,911 residents aged 16 and older. It is a modest expectation that the implementation of this plan would increase the number of commuting bicycle riders from 0.5% (15) to 2% (58) with the provision of more adequate and identifiable bikeways, not including students or bicyclists with other destinations in mind.



(b) A map and description of existing and proposed land use and settlement patterns which shall include, but not be limited to, locations of residential neighborhoods, schools, shopping centers, public buildings, and major employment centers.

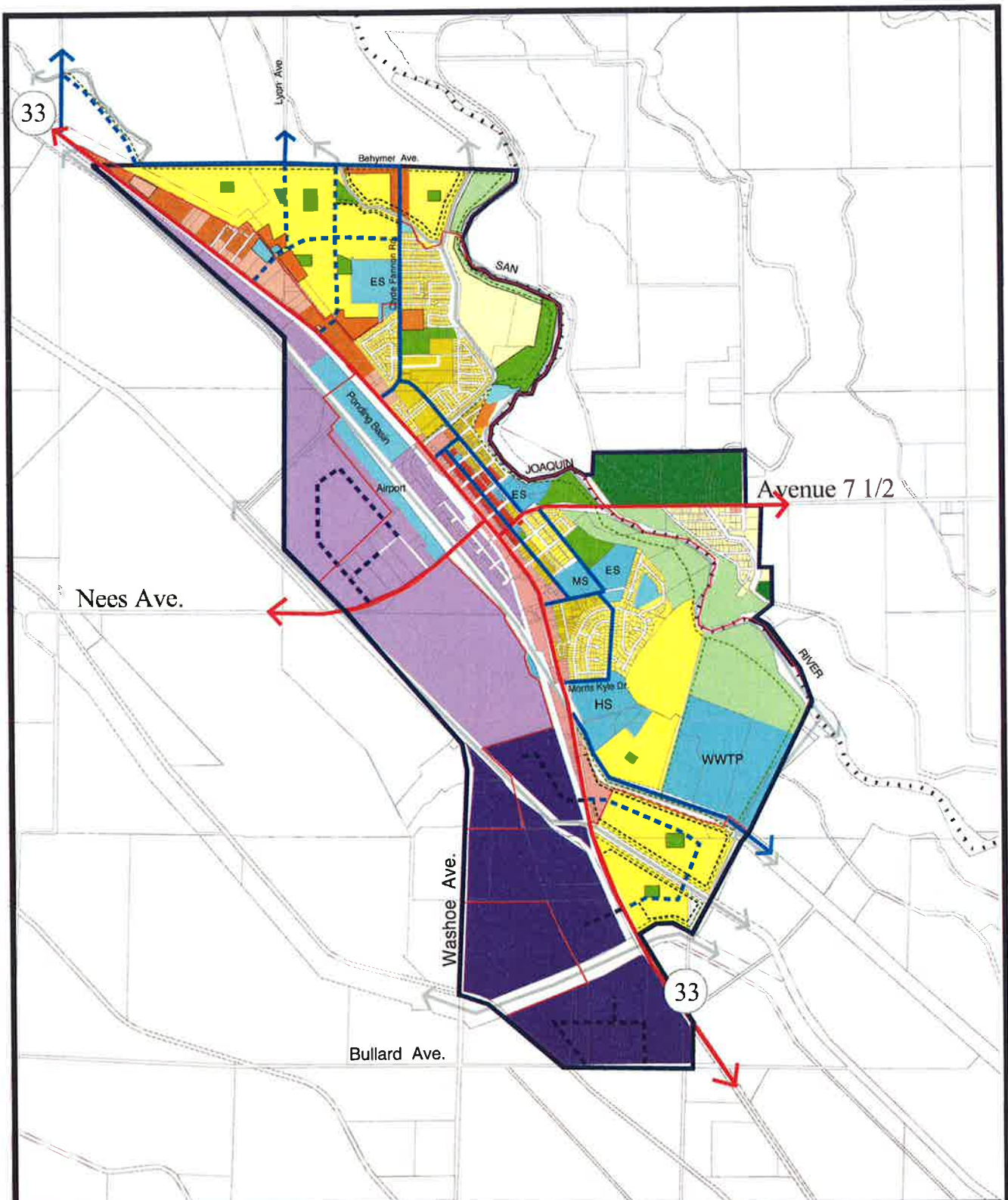
RESPONSE: The General Plan land use map of Firebaugh is included as Map 2. Generally, commercial activities are located in the central commercial district. Single-family residential land uses are located to the northwest and southeast while multi-family residential land uses are located mainly to the north along both sides of Clyde Fannon Road and to the northeast along Highway 33. Industrial areas are located to the west of Highway 33.

The high school is located alongside Helm Canal road, southwest of Lake Joallan, while other schools, including middle and elementary schools, are located east of O Street. A future elementary school is planned in the northern quadrant of the city, west of Clyde Fannon Road.

Other land uses within the community that generate bicycle trips include West Hills Community College (9th and O Streets), Maldonado Park (Clyde Fannon Road) and Firebaugh Branch Library (13th and O Streets). With the provision of more adequate and identifiable bikeways, the number of bicycle trips to and from these different land uses can be expected to increase substantially.

(c) A map and description of existing and proposed bikeways.

RESPONSE: A map showing bikeways superimposed on the existing street network is included as Map 3. The map provides for the three classes of bikeway facilities: Class I facilities (paths) are identified generally following the waterways (San Joaquin River, Helm, Main and Outside Canals) as well as east and west along Behymer Avenue. Class II facilities (lanes) are located along Highway 33 as well as Clyde Fannon Road, with east and west routes along Nees and 7^{1/2} Avenues, respectively. Class III facilities (routes) are mainly located in the downtown



2030 Firebaugh General Plan - Proposed Land Use Map with Circulation and Open Space Features

- Low Density Residential
- Medium Density Residential
- High Density Residential
- Neighborhood Commercial
- Central Commercial
- Service Commercial
- Light Industrial
- Heavy Industrial
- Public/Quasi Public
- Park/Recreation
- Open Space
- Agriculture

- | Existing | Future | |
|----------|--------|--------------------|
| | | Arterial Streets |
| | | Collector Streets |
| | | Industrial Streets |
| | | Local Streets |
| | | Pedestrian Trails |
| | | Waterways |



City Limits
Sphere of Influence
County Boundary

City of Firebaugh

Map 1

1000 0 1000 Feet

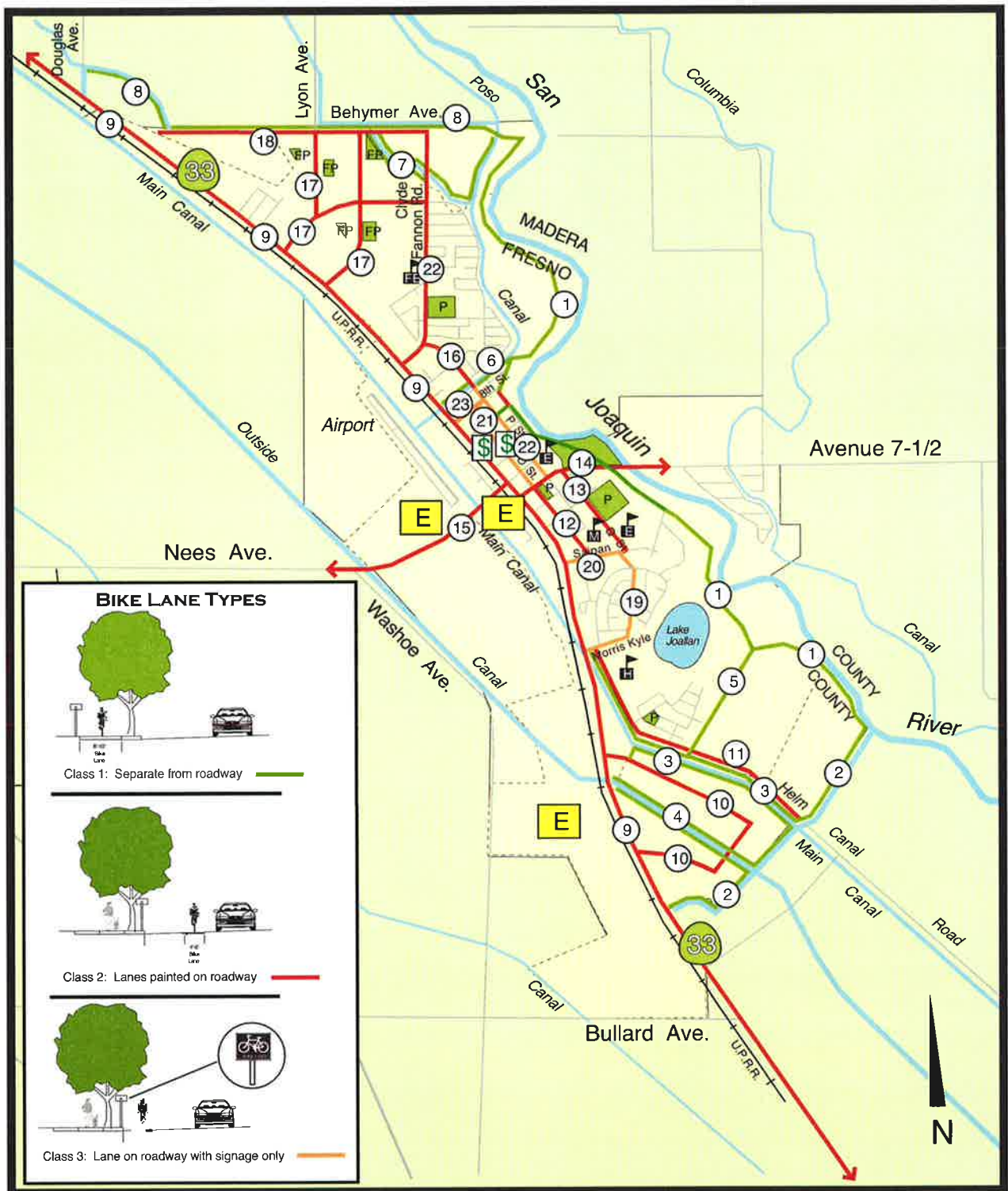


Collins & Schoettler

PLANNING, CONSULTING, AND DESIGN

1000 North Main Street, Suite 100, Firebaugh, CA 95326

Map is intended for general information only. It is not intended to be used for legal purposes.



Proposed Bike Path System

Bike Lane Type



Class I

Class II

Class III

Waterways

Bike paths/lanes are numbered to correspond to list in Firebaugh Bicycle Transportation Plan



School / Future School

E = Elementary

M = Middle

H = High



Shopping Areas



Planning Area



Major employment centers

City limit boundary



Park / Future Park

Map 3

City of Firebaugh

Collins & Schoettler
PLANNING CONSULTANTS

commercial area, along 8th, O and P Streets, as well as on Saipan Avenue to Landucci Drive, past Firebaugh High School.

- (d) A map and description of existing and proposed end-of-trip bicycle parking facilities. These shall include, but not be limited to, parking at schools, shopping centers, public buildings, and major employment centers.**

RESPONSE: Bicycle parking racks can be provided at the library, central commercial district, West Hills Community college, Firebaugh High School and the major parks. There are no current plans to provide additional facilities.

- (e) A map and description of existing and proposed bicycle transport and parking facilities for connections with and use of other transportation modes. These shall include, but not be limited to, parking facilities at transit stops, rail and transit terminals, ferry docks and landings, park and ride lots, and provisions for transporting bicyclists and bicycles on transit or rail vehicles or ferry vessels.**

RESPONSE: Firebaugh is served by Fresno County Rural Inter-City transit (FCRTA). Demand responsive service is available in the Firebaugh community from 7:00 a.m. to 5:30 p.m., Monday through Friday. Scheduled, multiple round trip, intercity service is available to the Fresno-Clovis Metropolitan Area through Mendota and Kerman between the hours of 7:00 a.m. to 5:30 p.m., Monday through Friday on Westside Transit. Intercity FCRTA buses are equipped with bike racks; instructions on how to use the bike racks are on their website in English and in Spanish. There are no rail terminals, transit stations, or designated park and ride lots in Firebaugh.



- (f) A map and description of existing and proposed facilities for changing and storing clothes and equipment. These shall include, but not be limited to, locker, restroom, and shower facilities near parking facilities.**

RESPONSE: There are no such facilities at present. It is recommended that a zoning ordinance amendment or update include a requirement for facilities to be provided at major commercial and industrial sites.

- (g) A description of bicycle safety and education programs conducted in the area included within the plan, efforts by the law enforcement agency having primary traffic law enforcement responsibility in the area to enforce provisions of the Vehicle Code pertaining to bicycle operation, and the resulting effect on accidents involving bicyclists.**

RESPONSE: The Firebaugh Police Department sponsors an annual “bicycle rodeo” where information on bicycle safety is shared. The target audience is primarily school age children, but adults also participate. There is no data to quantify effects of this program on accident rates, but the Police Department feels strongly that the education effort has had a positive effect in the community.

The City of Firebaugh supports the education and enforcement policies of the 2014 Regional Transportation Plan listed on page 3-10 of the Plan and excerpted below.

GOAL: IMPROVED BICYCLE SAFETY THROUGH EDUCATION AND ENFORCEMENT

Policies:

- *Support the development and promotion of an education plan and program that increases awareness of the rights and behavior of bicyclists within the traffic environment.*
- *Support enforcement of traffic laws related to cyclist behavior and cyclist/motorist conflicts.*
- *Disseminate information to member agencies, school districts, and other appropriate agencies and organizations on model programs to increase bicycle helmet use and bicycle safety.*

(h) A description of the extent of citizen and community involvement in development of the plan, including, but not limited to, letters of support.

RESPONSE: During the annual “bicycle rodeo” event sponsored by the Firebaugh Police Department on August 4, 2015, the City’s consultant conducted a public outreach effort. Part of that outreach was to engage the public and to solicit opinions and concerns about the bicycling experience in Firebaugh. Thirty-seven surveys, offered in Spanish and English, were completed.

The survey elicited responses to seven questions relating to “How bikeable is your community?” The first five questions dealt with specific issues and asked the respondent to rate the issue on a scale of 1 to 6. The last 2 questions asked about personal bicycle use. These questions and a summary of responses are as follows:



1. Did you have a place to bicycle safely?

Almost all respondents stated there were some problems on the road, primarily limited space to ride, poorly lit roadways, and heavy or fast moving traffic. The overall rating for this question was “3” on a scale of 1 to 6.

2. How was the surface that you rode on?

The most common complaints were cracked or broken pavement and potholes. The overall rating for this question was “2” on a scale of 1 to 6.

3. How were the intersections you rode through?

The majority of respondents felt there were some problems related to intersections, primarily being unsure of how to ride through the intersection. The overall rating for this question was “4” on a scale of 1 to 6.

4. Did drivers behave well?

This question was closely tied to question No. 1, above. Bicyclists who thought there was too much traffic on roadways also listed drivers who drove too fast or cut off the rider as a concern. The overall rating for this question, however, was “4” on a scale of 1 to 6.

5. Was it easy for you to use your bike?

Given that the majority of respondents were school-aged children, most had some difficulty riding their bikes, including the lack of signs or road markings, no bike lanes, threatening dogs, and no bike racks at the destination. The overall rating for this question was “3” on a scale of 1 to 6.

6. What did you do to make your ride easier?

The respondents listed several behaviors that increase bicycle safety, including wearing a helmet, reflective materials and bright clothing, obeying traffic laws, and being courteous to others.

7. Tell us a little about yourself?

The typical respondent was a beginning or intermediate rider who rode their bike 5-10 days per month in good weather.

The cumulative score for questions 1-5 was 16 points. According to the survey, this indicates that, “Conditions for riding are okay, but not ideal. There is plenty of opportunity for improvements.”

The Firebaugh Bicycle Transportation Plan was presented at a community workshop before the City's Planning Commission. Following the workshop, noticed public hearings were held on the Plan by the Planning Commission and the Firebaugh City Council to approve the Plan and authorize staff to transmit the Plan to the Fresno COG for review and subsequently to the Caltrans Bicycle Facilities Unit.

- (i) ***A description of how the bicycle transportation plan has been coordinated and is consistent with other local or regional transportation, air quality, or energy conservation plans, including, but not limited to, programs that provide incentives for bicycle commuting.***

RESPONSE: Development of the Bicycle Transportation Plan has been coordinated with Fresno County which adopted the Regional Bicycle and Recreational Trails Master Plan in February 2012. The Firebaugh Plan provides connectivity with the County's unincorporated system, including a Class I multi-purpose bikeway from Mendota to Firebaugh along the San Joaquin River, and a proposed Class II Rural Bikeway along Nees Avenue west of the City. The Firebaugh bikeway system has also been coordinated with the goals and policies in the 2014 Regional Transportation Plan. Improved bicycling facilities are also consistent with valley-wide programs to limit single-occupant motor vehicle travel. Specifically, transportation control measures contained in the Regional Transportation Plan and the California State Implementation Plan for Air Quality are supportive of bicycle and pedestrian modes and plans and programs. Further, the Firebaugh General Plan supports bicycle and pedestrian transportation.

- (j) ***A description of the projects proposed in the plan and a listing of their priorities for implementation.***

RESPONSE: The following section describes and prioritizes bicycle projects within Firebaugh. The projects were developed through a coordinated process that provided for public input and are consistent with the Regional Transportation Plan. Alignments marked with an asterisk will connect with the County of Fresno's planned bike path network.

Class I Bike Paths:

1. San Joaquin Trail extension south and north *
2. San Luis Drain (north side)
3. Helm Canal east of Hwy. 33 to San Luis Drain (both sides)
4. Outside Canal east of Hwy. 33 to San Luis Drain (both sides)
5. Lake Joallan south levee
6. Poso Canal (from P Street to San Joaquin River trail)
7. Silaxo Drain (from Clyde Fannon to Behymer Ave)
8. Behymer Avenue (north side, from San Joaquin River trail to Highway 33)

Class II Bike Lanes:

9. Highway 33*
10. Future streets east of Highway 33 parallel to Outside Canal
11. Helm Canal Road
12. O Street (Saipan to 13th Street)
13. Q Street (Saipan to 13th Street)
14. 13th Street (from Highway 33 to County line)
15. Nees Avenue (west of Highway 33)*
16. P Street (from Poso Canal to Clyde Fannon Road)
17. Future streets in El Sendero Ranch subdivision
18. Byhymer Avenue (south side)

Class III Bike Lanes

19. Morris Kyle Drive from Highway 33 to Saipan Street
20. Saipan from Highway 33 to Q Street
21. O Street from 13th Street to 8th Street
22. P Street from 13th Street to Poso Canal
23. 8th Street from Highway 33 to P Street



The following projects are currently being pursued for funding:

1. Project Name/Number: Poso Canal Pedestrian /Bike Route – CML-5224(015)

Project Description and Location:

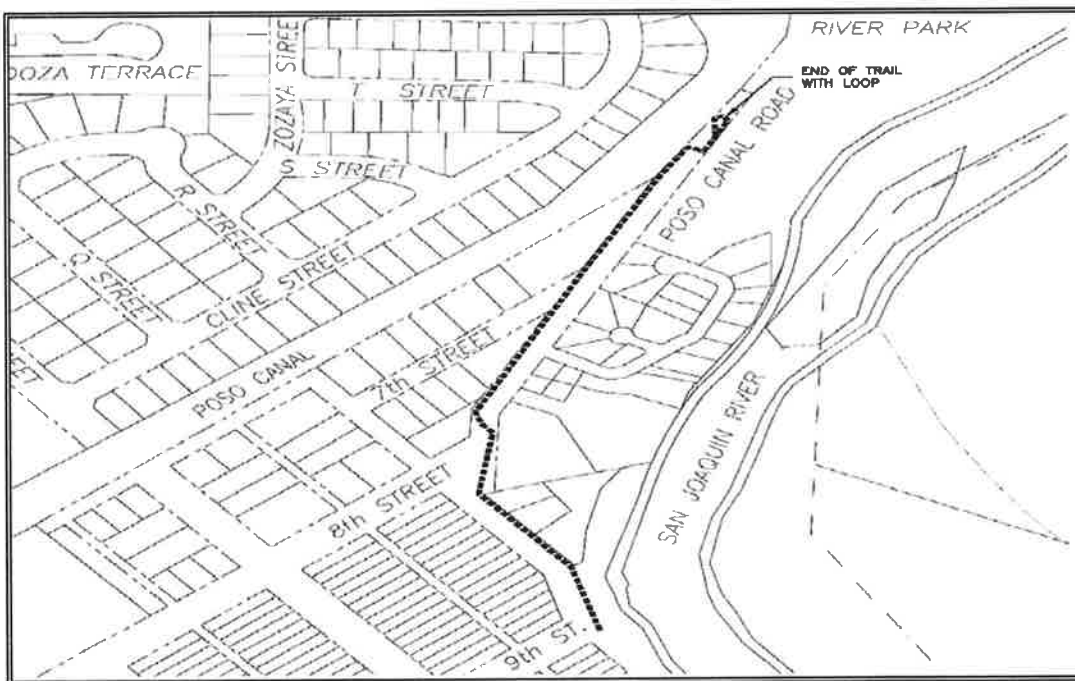
Construct a Pedestrian/Bike Route on Q Street along the Poso Canal bank from 9th Street to River Park. Project will consist of the construction of Class I shared use trail, ramps and other bike and pedestrian facilities.

Funding Source:

Funded with CMAQ Funding through Fresno COG

Estimated Starting and Completion Dates:

Project is currently in the design phase. Construction is anticipated in 2016



Project Budget:

Design/Engineering	50,000
Right of Way/Acquisition	0
Construction Engineering/Management	42,000
Construction	238,000
Total	\$330,000

Capital Cost Estimate

Design/Engineering	50,000
Right of Way/Acquisition	0
Construction Engineering/Management	42,000
Construction	238,000
Total	\$330,000

2. Project Name/Number: CMAQ Dunkle Park, River Lane, 12th St Pedestrian Facilities – CML-5224(019)

Project Description and Location:

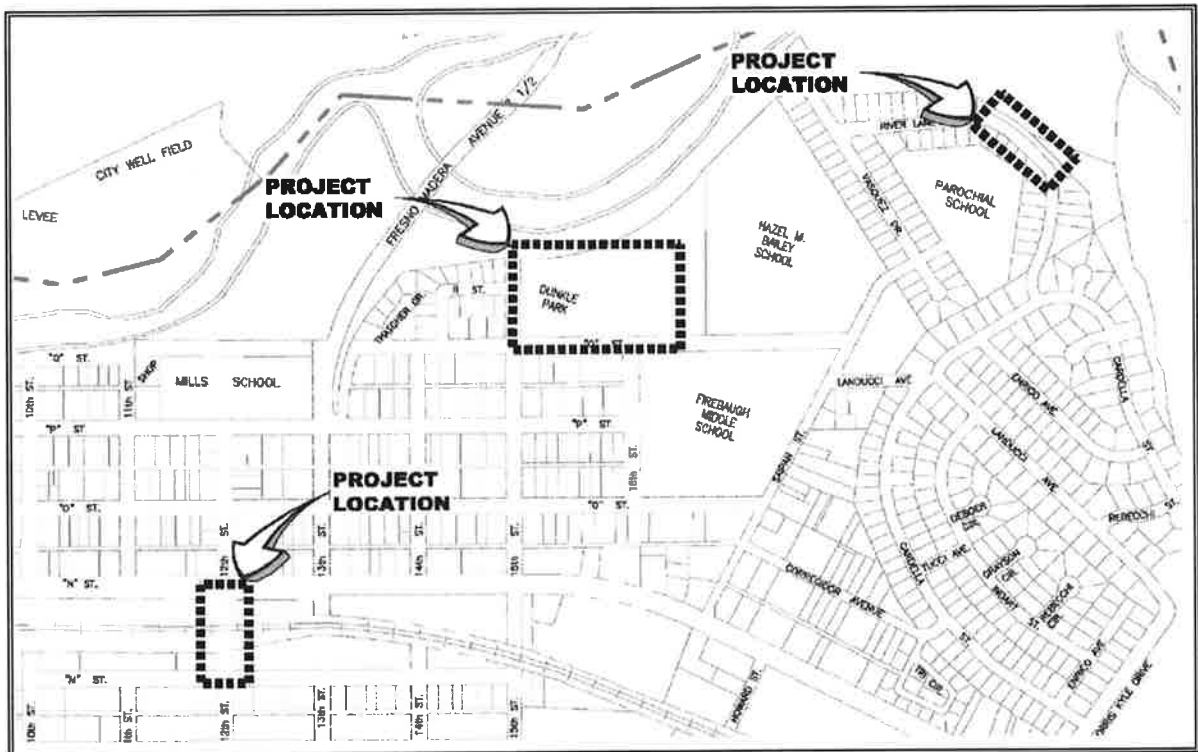
This project consists of the construction of pedestrian and bike facilities at 3 locations. Providing new access points to the City existing shared use trail.

Funding Source:

Funded with CMAQ Funding through Fresno COG

Estimated Starting and Completion Dates:

Project is currently in the design phase. Construction is anticipated in 2016.



Project Budget:

Design/Engineering
Right of Way/Acquisition
Construction Engineering/Management
Construction
Total

Capital Cost Estimate

21,945
0
41,146
233,167
\$ 296,258

3. Project Name/Number: Trail Rehabilitation and Pedestrian Improvements

Project Description and Location:

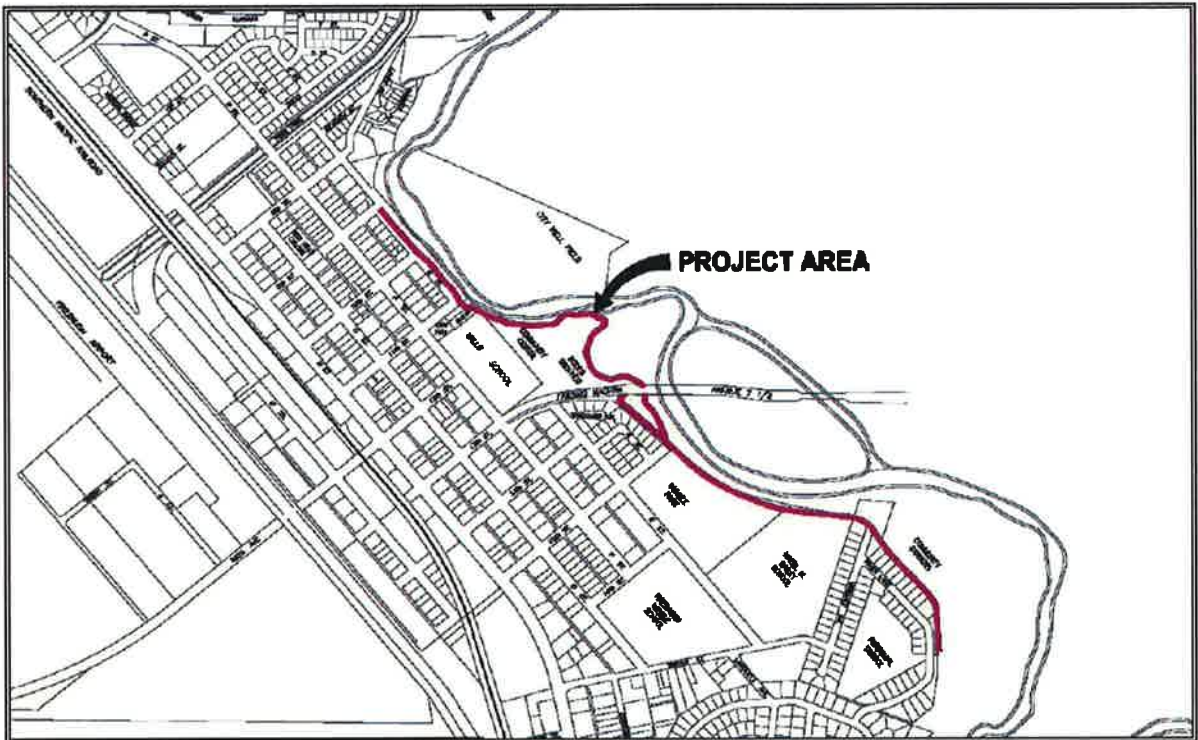
The project will rehabilitate the City's existing shared use AC trail (approx. 7000LF) along the San Joaquin River, install trail signs, and construct pedestrian facilities along the trail to extend the trail's longevity and draw new pedestrian/bike traffic.

Funding Source:

Funded with Regional ATP funds through Fresno COG

Estimated Starting and Completion Dates:

Funding programmed for FFY 16/17, 17/18, 18/19



Project Budget:

Design/Engineering/Environmental
Right of Way/Acquisition
Construction Engineering/Management
Construction
Total

Capital Cost Estimate

64,000
0
46,580
263,955
\$ 370,535

The prioritization of proposed bikeways was based on expected use, type of route, connectivity, and potential improvements to safety.

(k) A description of past expenditures for bicycle facilities and future financial needs for projects that improve safety and convenience for bicycle commuters in the plan area.

RESPONSE: Firebaugh has not provided bicycle facilities due to the need to allocate limited available funds for continued street and sidewalk maintenance and improvement. The completion of such facilities would promote bicycle safety and enhance convenience of travel. Additional financial support would enable the City to implement appropriate bicycle safety improvements. The City would substantially benefit from supplemental financial support to implement worthy bicycle facility improvements.

Estimated costs of development are:

<u>Facility</u>	<u>Estimated Development Cost Per Mile</u>
Class I Bike Paths	\$260,000 (assumes no land cost)
Class II Bike Lanes	\$19,000
Class III Bike Routes	\$5,200

Development of bicycle trails/paths includes design and construction of paving, landscaping, and irrigation improvements. No land costs are included, assuming that bike paths are constructed primarily on existing public right-of-way or will be negotiated with a public agency or private land owner. Costs per mile for bike lanes includes bicycle lane striping modifications, signage, stenciling, and detection loops at signalized intersections. Costs for Class 3 bike routes include signage and road shoulder rehabilitation.

Estimated facility maintenance costs are:

<u>Facility</u>	<u>Estimated Maintenance Cost Per Mile</u>
Class I Bike Paths	Landscaping \$5,000 per mile every 5 years Slurry seal \$15,000 per mile every 10 years
Class II Bike Lanes	Restriping \$315 per mile every 2 years \$200 per sign every 10 years
Class III Bike Routes	\$200 per sign every 10 years

The implementation of additional bicycle facilities in the City will require increased financial commitment to the maintenance of these facilities.

1.6 FUNDING BICYCLE TRANSPORTATION PLAN IMPROVEMENTS

The majority of public funds for bicycle projects are derived through a core group of local, state and federal programs.

- Federal funds from the Surface Transportation Program (STP), Transportation Enhancements (TE), and Congestion Mitigation Air Quality (CMAQ) programs are allocated to Fresno COG and distributed either competitively or proportionally according to population.
- Limited amounts of Local Transportation Funds (LTF), derived from a ¼ cent sales tax statewide, can be used for bicycle facilities.
- Safe Routes to School programs are potential funding sources for both bicycle and pedestrian planning. Caltrans administers two Safe Routes to School programs: the state-legislated program (SR2S) and the federal program (SRTS). Each program has unique differences that affect project selection.
- Bicycle facilities can be funded through the California Active Transportation Plan (ATP) administered by Caltrans (as described previously).
- The California State Parks Recreational Trails Program provides funds annually for trails-related projects. Cities are eligible for the program which requires an applicant match of 12 percent of the total project cost.
- Caltrans Transportation Planning Grants are available to jurisdictions and can be used for planning or feasibility studies. The maximum funding available per project is \$300,000.
- The Highway Safety Improvement Program (HSIP) is a federal-aid program administered by Caltrans to reduce fatalities and injuries on public roads. HSIP funds can be used for bike lanes on local roadways, improvements to Class I multi-use paths, or for traffic calming measures. Applications that identify a history of incidents and demonstrate safety improvement are most competitive for funding.
- Transportation Development Act Allocation funds are available for bicycle and pedestrian facility development and maintenance. Typically, these funds are set aside for capital projects and/or bicycle facility maintenance.



- Approximately 1% of Measure “C” is provided to fund significant improvements to the existing and planned bicycle facilities and/or systems. Such projects include Class II bicycle facilities, signage and striping, master plan preparation, and other program-related facilities and support facilities. The Measure “C” expenditure plan anticipated approximately \$55 million countywide by 2027 specifically for bicycle infrastructure. Because of the Great Recession’s impact on the local economy, however, it is likely that actual funding available through Measure “C” through 2027 will be less than projected.
- Private/local funding comes primarily from development projects, either in the form of improvements constructed directly by developers or through development fee programs.
- The HUD-DOT-EPA Interagency Partnership for Sustainable Communities has generated a series of new grant programs to-date, including Urban Circulator grants, TIGER grants, and Sustainable Communities Planning grants.

1.7 IMPLEMENTATION

The Firebaugh City Engineer, Public Works Director, and City Planner and the City’s grant consultant are responsible for implementing the Bicycle Transportation Plan. Various components of implementation include planning for the design, acquisition of right-of-way, and construction of proposed bicycle improvements. The Public Works Department is responsible for long-term maintenance of the completed bicycle facilities network.

The City Planner will continually monitor implementation of the Plan and its future revisions and updates. To be eligible for Active Transportation Plan (ATP) funding, conforming plans must be no more than five years old.

The City may modify projects and priorities as timing and opportunities arise. Feasible Class I, II, and III bikeways will continue to be developed throughout the community, as funding becomes available and development occurs. The City will continually assess the need, guidelines for development, and implementation strategies for such facilities. Additional engineering and environmental studies will be necessary to implement proposed projects.

The Caltrans Highway Design Manual Chapter 1000, *Bikeway Planning and Design*, establishes minimum criteria for planning and designing bikeways in California. By using the Highway Design Manual as a guide, the City has flexibility to carefully evaluate conditions, making modifications as appropriate, for each bicycle improvement. The City also adheres to current Americans with Disabilities Act requirements when designing and constructing its facilities.

To provide a safe and convenient bicycle paths and lanes, the City will consider and review the following:

- Acquisition of right-of-way
- Connectivity to existing paths and lanes (local and regional) and activity centers
- Mid-block crossings
- Vehicle parking on one or both sides of the street
- Narrowing existing travel lanes and/or sidewalks
- Restriping existing roadways
- Installation of continuous left turn lanes
- Widening the roadway
- Eliminating travel lanes ("Road Diet")



San Joaquin River
Parkway and
Conservation Trust, Inc.

January 3, 2017

The Honorable Brady Jenkins
City of Firebaugh
1133 "P" Street
Firebaugh, CA 93622

Dear Mayor Jenkins,

**BOARD OF
DIRECTORS**

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Anna Wattenbarger
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Edward B. Morgan
Carol Ann Moses
Lyn Peters
Frances Squire
Kevin Statham
Jennifer Williamson

Dowling Aaron Inc.
Christopher A. Brown
General Counsel

Sharon Weaver
Executive Director

I am writing on behalf of the San Joaquin River Parkway and Conservation Trust's River Camp Firebaugh program. Coming into my second year as Community Programs Director for the Trust, I am excited at the opportunity to continue this wonderful program, and am looking forward towards expanding and improving River Camp Firebaugh in 2017.

River Camp is designed to provide children with the opportunity to reconnect to the natural world. At camp we provide a fun and safe environment for kids to be physically active, imaginative, and curious about nature. In 2016 we offered four 1-week sessions and reached over 425 children, and by partnering with Firebaugh-Las Deltas Unified we were able to offer free lunches for all campers every day. With each year the program continues to grow and become a true part of the community of Firebaugh.

In 2017, we would like to once again request use of the Andrew Firebaugh Community Center and Park for our program. Our proposed schedule is as follows:

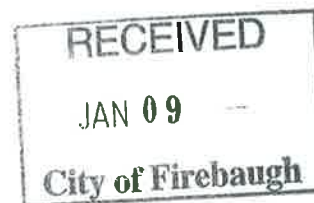
June 18: In-person registration event
July 6-7: River Camp Firebaugh Staff Training & Camp Set Up
July 10-14: River Camp Firebaugh Week 1
July 17-21: River Camp Firebaugh Week 2
July 24-28: River Camp Firebaugh Week 3
July 31- August 4: River Camp Firebaugh Week 4
***August 7-11:** River Camp Firebaugh Week 5 (**proposed expansion*)

Over the past few years, we have been lucky enough to work closely with both the City of Firebaugh and the Firebaugh-Las Deltas School District to run successful programs and increase our impact on the local community. This year we hope to also work with Mendota Unified to further the reach of this wonderful program.

Thank you for once again allowing us the opportunity to make this request. If you need any additional information, I am more than happy to provide it. I can be reached by phone at (559) 248-8480 ext. 104. We are so appreciative of the support we have received from your community, and are looking forward to making 2017 the best summer yet.

Sincerely,

Molly Schnur-Salimbene
Community Program Director



CREATING AND PROTECTING THE SAN JOAQUIN RIVER PARKWAY

11605 Old Friant Road • Fresno, California 93730-9701 • 559.248.8480 • Fax 559.248.8474 • www.riverparkway.org





STAFF REPORT

TO: Honorable Mayor and Council Members
DATE: February 6, 2017
SUBJECT: Survey of Council Members Benefits – Salary from surrounding cities

City of Selma - Council members receive a \$300/Month stipend which they receive via payroll -biweekly \$138.46. Health and life insurance benefits are covered @ 100%. Mayor receives a cell phone stipend \$30.

City of Kerman - \$125 per meeting (CC meets twice a month) not to exceed \$300 per month. Only insurance is a travel/accident policy.

City of Fowler - The Mayor receives \$200 per month, Council receives \$150 – with no other benefits.

City of Parlier -Due to the budget issues our city was facing our Mayor and council have waived their insurance and stipends.

City of Kingsburg - Offers a monthly stipend of \$250 for council members and \$300 for the mayor (no matter how many meetings they go to). We do not offer them health insurance or any other type of benefit.

City of Huron - Council receives a stipend of the highest allowed \$300/mo. w/taxes withdrawn and then \$50,000 life insurance.

City of Reedley - City's Councilmembers receive a monthly stipend of \$150. If they have out-of-pocket costs for already covered medical, dental or vision premiums, paid by the Councilmember and/or the Councilmember's spouse. They are eligible to be reimbursed up to a maximum of \$643.47/month. They are not allowed to enroll in the City's medical plan, but are eligible to enroll in the City's dental and vision plans. If they enroll in both dental and vision, maximum reimbursement is \$538.02/month. If they enroll only in dental, the maximum reimbursement is \$560.47/month. If they enroll only in vision, the maximum reimbursement is \$621.02/month. All amounts to be reimbursed must be substantiated.

City of Mendota - Council Members receive a \$300 per month stipend for meetings. May receive any benefits the AFSCME represented employees do (with the exception of CalPERS), which include medical (dental and vision), life insurance, and access to supplemental coverage (e.g. Aflac; must pay out of pocket for any supplemental coverage). If Council members decline the insurance, they receive an extra \$500 in their stipend per month. In FY 15/16 we spent approximately \$52,500 for the medical benefits above, and in FY 16/17 we have budgeted approximately \$70k.

City of San Joaquin - Council receives \$175.00 per month—one council meeting per month. Insurance: Each and only Council Members, may receive insurance (medical/dental/vision/small life insurance policy \$25K) at no charge to them, if they choose to. To insure family members, they must pay as follows: Example: Medical/Dental/Vision - Medical policy for family is \$1517.50, one employee is \$583.66, so City minus the \$583.66, takes the remaining balance \$933.84, divides by 2 and the employee pays the \$466.92, while the city pays the \$466.92. This is same % for Dental & Vision.