

SPECIAL CITY COUNCIL MEETING AGENDA

The City Council/Successor Agency of the City of Firebaugh

Vol. No.18/02-21

Location of Meeting: Andrew Firebaugh Community Center
1655 13th Street, Firebaugh, CA 93622
Date/Time: February 21, 2018/6:00 p.m.

CALL TO ORDER

ROLL CALL

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

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

PUBLIC COMMENT

PRESENTATION

- *Mr. Donald Reynolds, CPA, will present a review of the Annual Independent Auditor's Report for the period ending June 30, 2017.*

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 February 5, 2018.**
2. **WARRANT REGISTER – Period starting January 1, and ending on January 31, 2018.**

January 2018	General Warrants	#36169 - #36273	\$ 617,505.79
	Payroll Warrants	#69116 - #69253	\$ 299,636.83
TOTAL			\$ 917,142.62

NEW BUSINESS

3. **THE CITY COUNCIL OF THE CITY OF FIREBAUGH TO DISCUSS POTENTIAL APARTMENTS IN AN AREA DESIGNATED FOR COMMERCIAL DEVELOPMENT.**

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

4. **RESOLUTION NO. 18-12 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FIREBAUGH AUTHORIZING THE CITY MANAGER TO EXECUTE A PROGRAM DEVELOPMENT AGREEMENT WITH ENGIE SERVICES U.S., INC.**

Recommended Action: Council receives public comment & approves Res. No. 18-12.

STAFF REPORTS

PUBLIC COMMENT ON CLOSED SESSION ITEM ONLY

CLOSED SESSION

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 15, 2018 at 5:00 p.m. by Rita Lozano Deputy City Clerk.



STAFF REPORT

TO: Mayor Felipe Perez and Council Members
FROM: Pio Martin, Finance Director
DATE: February 21, 2018
SUBJECT: Fiscal Year 2016- 2017 Audit

RECOMMENDATION:

Review and accept the FY 2016-17 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 2016-17 audit of the City of Firebaugh. Mr. Reynolds will be present at the February 21, 2018 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, 2017**

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CITY OF FIREBAUGH, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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**CITY OF FIREBAUGH, CALIFORNIA
ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

City Officials

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**CITY OF FIREBAUGH, CALIFORNIA
CITY OFFICIAL
FOR THE YEAR ENDED JUNE 30, 2017**

**CITY COUNCIL
(Terms as of June 30, 2017)**

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Freddy Valdez	Mayor	2017
Brady Jenkins	Pro-Tem	2017
Craig Knight	Member	2017
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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Donald R. Reynolds

Certified Public Accountant

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, 2017, 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, 2017, 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

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

CITY OF FIREBAUGH, CALIFORNIA
STATEMENT OF NET POSITION
June 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 4,175,161	\$ 4,567,493	\$ 8,742,654
Accounts receivable (net of allowance)	432,175	110,328	542,503
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	<u>1,515,113</u>	<u>16,085,809</u>	<u>17,600,922</u>
Total capital assets	<u>1,652,160</u>	<u>16,289,514</u>	<u>17,941,674</u>
Total Assets	\$ <u>7,523,802</u>	\$ <u>21,782,342</u>	\$ <u>29,306,144</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contribution	\$ <u>920,572</u>	\$ <u>773,222</u>	\$ <u>1,693,794</u>
LIABILITIES			
Accounts payable	148,104	512,094	660,198
Accrued salaries and benefits	116,957	-	116,957
Retention payable	-	-	-
Accrued interest payable	-	75,796	75,796
Deposits payable	10,668	76,984	87,652
Unearned revenue	-	-	-
OPEB Liability	2,077,140	-	2,077,140
Compensated absences			
Due within one year	8,443	15,096	23,539
Due in more than one year	146,355	-	146,355
Long-term liabilities:			
Due within one year	27,063	267,836	294,899
Net pension liability	2,396,764	1,049,274	3,446,038
Other	<u>-</u>	<u>8,336,245</u>	<u>8,336,245</u>
Total Liabilities	<u>4,931,494</u>	<u>10,333,325</u>	<u>15,264,819</u>
DEFERRED INFLOWS OF RESOURCES			
Pension adjustment	<u>164,350</u>	<u>65,162</u>	<u>229,512</u>
NET POSITION			
Invested in capital assets, net of related debt	1,625,097	7,685,433	9,310,530
Restricted for:			
Grants, taxes, and fees	-	-	-
Debt service	-	450,345	450,345
Unrestricted	<u>1,723,433</u>	<u>4,021,299</u>	<u>5,744,732</u>
Total Net Position	\$ <u>3,348,530</u>	\$ <u>12,157,077</u>	\$ <u>15,505,607</u>

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, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 176,787	\$ -	\$ -
Public ways and facilities	2,091,361	509,058	829,492
Public protection	1,924,247	149,298	147,910
Culture and recreation	271,875	139,865	291,753
Community development	-	-	-
Interest on long-term debt	-	-	-
Total Governmental Activities	4,464,270	798,221	1,269,155
Business-type activities:			
Sewer	2,081,095	1,521,264	-
Water	2,270,408	1,476,721	-
Airport	30,782	21,120	-
Total Business-Type Activities	4,382,285	3,019,105	-
Total	\$ 8,846,555	\$ 3,817,326	\$ 1,269,155

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
\$ -	\$ (176,787)	\$ -	\$ (176,787)
561,610	(191,201)	-	(191,201)
-	(1,627,039)	-	(1,627,039)
-	159,743	-	159,743
495,838	495,838	-	495,838
-	-	-	-
1,057,448	(1,339,446)	-	(1,339,446)
-	-	(559,831)	(559,831)
-	-	(793,687)	(793,687)
-	-	(9,662)	(9,662)
-	-	(1,363,180)	(1,363,180)
\$ 1,057,448	(1,339,446)	(1,363,180)	(2,702,626)
	903,764	-	903,764
	749,251	-	749,251
	733,744	-	733,744
	4,667	-	4,667
	236,769	125,235	362,004
	2,085	9,627	11,712
	117,762	75,876	193,638
	(21,716)	-	(21,716)
	2,726,326	210,738	2,937,064
	1,386,880	(1,152,442)	234,438
	1,961,650	13,309,519	15,271,169
	-	-	-
	1,961,650	13,309,519	15,271,169
\$	\$ 3,348,530	\$ 12,157,077	\$ 15,505,607

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BASIC FINANCIAL STATEMENTS

Fund Financial Statements

CITY OF FIREBAUGH, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	General Fund	Community Development	Other Governmental Funds	Total
ASSETS				
Cash and investments	\$ 2,592,282	\$ -	\$ 1,582,879	\$ 4,175,161
Accounts receivable (net of allowance)	71,406	300,751	60,018	432,175
Due from other governmental agencies	-	-	-	-
Interest receivable	-	-	-	-
Due from other funds	306,927	-	-	306,927
Loans receivable	-	1,729,313	350,000	2,079,313
Total Assets	\$ <u>2,970,615</u>	\$ <u>2,030,064</u>	\$ <u>1,992,897</u>	\$ <u>6,993,576</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 87,542	\$ 15,970	\$ 44,593	\$ 148,105
Accrued salaries and benefits	116,957	-	-	116,957
Deposits payable	10,668	-	-	10,668
Due to other funds	815,007	290,736	16,191	1,121,934
Unearned revenue	-	-	-	-
Total Liabilities	<u>1,030,174</u>	<u>306,706</u>	<u>60,784</u>	<u>1,397,664</u>
DEFERRED INFLOWS OF RESOURCES				
Notes receivable	<u>-</u>	<u>1,729,313</u>	<u>350,000</u>	<u>2,079,313</u>
FUND BALANCES				
Reserved for:				
Loans receivable	-	-	-	-
Unreserved, reported in:				
General fund	-	-	-	-
Designated	-	(5,955)	-	(5,955)
Undesignated	1,715,820	-	-	1,715,820
Special revenue funds Undesignated	224,621	-	1,582,113	1,806,734
Total Fund Balances	<u>1,940,441</u>	<u>(5,955)</u>	<u>1,582,113</u>	<u>3,516,599</u>
Total Liabilities and Fund Balances	\$ <u>2,970,615</u>	\$ <u>2,030,064</u>	\$ <u>1,992,897</u>	\$ <u>6,993,576</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, 2017

Total Fund Balance - Total Governmental Funds	\$ 3,516,599
--	---------------------

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 fund	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	756,222
---	---------

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	(2,396,764)
OPEB liability	(2,077,140)
Compensated absences	<u>(154,797)</u>

Net Position of Governmental Activities:	\$ <u>3,348,530</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 REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

REVENUES	General Fund	Community Development
Taxes and assessments	\$ 1,947,066	\$ -
Licenses and permits	155,525	-
Fines and forfeitures	35,964	-
Use of money	1,625	-
Intergovernmental	768,732	485,838
Charges for services	723,523	-
Other revenues	131,227	-
Total Revenues	<u>3,763,662</u>	<u>485,838</u>
EXPENDITURES		
Current:		
General government	193,729	-
Public ways and facilities	621,563	485,838
Public protection	1,974,830	-
Culture and recreation	297,930	-
Community development	-	-
Debt service:		
Principal	-	-
Interest and other charges	-	-
Capital outlay	-	-
Total Expenditures	<u>3,088,052</u>	<u>485,838</u>
Excess of Revenues Over (Under) Expenditures	<u>675,610</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>675,610</u>	<u>-</u>
Fund Balances - Beginning	1,264,831	\$ (5,955)
Prior period adjustment	-	-
Fund Balances - Beginning, Restated	<u>1,264,831</u>	<u>(5,955)</u>
Fund Balances - Ending	<u>\$ 1,940,441</u>	<u>\$ (5,955)</u>

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

Other Governmental Funds		Total
155,433	\$	2,102,499
-		155,525
-		35,964
1,830		3,455
1,383,579		2,638,149
82,204		805,727
320		131,547
1,623,366		5,872,866
-		193,729
1,184,384		2,291,785
133,826		2,108,656
-		297,930
-		-
-		-
-		-
179,909		179,909
1,498,119		5,072,009
125,247		800,857
16,719		16,719
(38,435)		(38,435)
(21,716)		(21,716)
103,531		779,141
1,478,582	\$	2,737,458
-		-
1,478,582		2,737,458
1,582,113	\$	3,516,599

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, 2017

Net Change in Fund Balances - Total Governmental Funds.	\$ 779,141
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	179,909
Depreciation expense	(172,606)
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	-
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	600,437
Change in accrued interest on long-term debt	-
Change In Net Position of Governmental Activities	<u>\$ 1,386,881</u>

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, 2017

	Business-Type Activities -			
	Sewer	Water	Airport	Total
ASSETS				
Cash and investments	\$ 2,409,438	\$ 2,130,385	\$ 27,670	\$ 4,567,493
Accounts receivable (net of allowance)	31,174	79,154	-	110,328
Due from other funds	735,007	1,053,548	-	1,788,555
Due from other Governments	-	-	-	-
Total Current Assets	<u>3,175,619</u>	<u>3,263,087</u>	<u>27,670</u>	<u>6,466,376</u>
Capital assets:				
Non-depreciable	203,705	-	-	203,705
Depreciable, net	<u>5,569,667</u>	<u>10,516,142</u>	<u>-</u>	<u>16,085,809</u>
Total Noncurrent Assets	<u>5,773,372</u>	<u>10,516,142</u>	<u>-</u>	<u>16,289,514</u>
Total Assets	<u>\$ 8,948,991</u>	<u>\$ 13,779,229</u>	<u>\$ 27,670</u>	<u>\$ 22,755,890</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized Bond Costs	\$ 161,068	\$ 185,069	\$ -	\$ 346,137
Pension contribution	<u>208,791</u>	<u>215,209</u>	<u>3,886</u>	<u>427,886</u>
	<u>\$ 369,859</u>	<u>\$ 400,278</u>	<u>\$ 3,085</u>	<u>\$ 773,222</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 468,285	\$ 42,535	\$ 1,274	\$ 512,094
Accrued interest payable	55,780	20,016	-	75,796
Retention payable	-	-	-	-
Deposits payable	-	76,984	-	76,984
Due to other funds	-	973,548	-	973,548
Unearned revenue	-	-	-	-
Compensated absences	14,898	198	-	15,096
Loans payable	95,000	172,836	-	267,836
Net pension liability	512,004	527,741	9,529	1,049,274
Compensated absences	-	-	-	-
OPEB liability	-	-	-	-
Loans payable	<u>3,320,000</u>	<u>5,016,245</u>	<u>-</u>	<u>8,336,245</u>
Total Liabilities	<u>\$ 4,465,967</u>	<u>\$ 6,830,103</u>	<u>\$ 10,803</u>	<u>\$ 11,306,873</u>
DEFERRED INFLOWS OF RESOURCES				
Pension adjustments	<u>\$ 31,308</u>	<u>\$ 33,271</u>	<u>\$ 583</u>	<u>\$ 65,162</u>
NET POSITION				
Invested in capital assets, net of related debt	\$ 2,358,372	\$ 5,327,061	\$ -	\$ 7,685,433
Restricted for:				
Debt service	194,345	256,000	-	450,345
Unrestricted	<u>2,268,858</u>	<u>1,733,072</u>	<u>19,369</u>	<u>4,021,299</u>
Total Net Position	<u>\$ 4,821,575</u>	<u>\$ 7,316,133</u>	<u>\$ 19,369</u>	<u>\$ 12,157,077</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, 2017

	<u>Sewer</u>	<u>Business-Type Activities - Water</u>	<u>Airport</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 1,521,264	\$ 1,476,721	\$ 21,120	\$ 3,019,105
Total Operating Revenues	<u>1,521,264</u>	<u>1,476,721</u>	<u>21,120</u>	<u>3,019,105</u>
OPERATING EXPENSES				
Personnel costs	599,431	597,511	10,465	1,207,407
Utilities	142,497	300,009	3,061	445,567
Supplies	11,479	15,405	-	26,884
Maintenance and operations	883,768	690,390	9,622	1,583,780
Contractual services	71,464	68,042	7,150	146,656
Depreciation	202,645	422,481	-	625,126
Other expense	<u>108,315</u>	<u>56,187</u>	<u>484</u>	<u>164,986</u>
Total Operating Expenses	<u>2,019,599</u>	<u>2,150,025</u>	<u>30,782</u>	<u>4,200,406</u>
Operating Income (Loss)	<u>(498,335)</u>	<u>(673,304)</u>	<u>(9,662)</u>	<u>(1,181,301)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	4,660	4,967	-	9,627
Intergovernmental revenues	-	115,235	10,000	125,235
Other revenues	316	73,586	1,974	75,876
Interest expense	<u>(61,496)</u>	<u>(52,546)</u>	<u>-</u>	<u>(114,042)</u>
Total Non-Operating Revenues (Expenses)	<u>(56,520)</u>	<u>141,242</u>	<u>11,974</u>	<u>96,696</u>
Income (Loss) Before Transfers	<u>(554,855)</u>	<u>(532,062)</u>	<u>2,312</u>	<u>(1,084,605)</u>
Transfers in	-	750,000	-	750,000
Transfers out	<u>-</u>	<u>(750,000)</u>	<u>-</u>	<u>(750,000)</u>
Change in Net Position	<u>(554,855)</u>	<u>(532,062)</u>	<u>2,312</u>	<u>(1,084,605)</u>
Total Net Position - Beginning	5,376,430	7,916,032	17,057	13,309,519
Prior period adjustment	-	-	-	-
Total Net Position - Beginning, Restated	<u>5,376,430</u>	<u>7,916,032</u>	<u>17,057</u>	<u>13,309,519</u>
Total Net Position - Ending	\$ <u>4,821,575</u>	\$ <u>7,383,970</u>	\$ <u>19,369</u>	\$ <u>12,224,914</u>

CITY OF FIREBAUGH, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities			
	Sewer	Water	Airport	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,518,143	\$ 1,476,001	\$ 21,591	\$ 3,015,735
Payments to suppliers	(764,992)	(1,206,305)	(19,262)	(1,990,559)
Payments to employees	(600,259)	(617,960)	(10,465)	(1,228,684)
Net Cash Provided (Used) by Operating Activities	<u>152,892</u>	<u>(348,264)</u>	<u>(8,136)</u>	<u>(203,508)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grants and other receipts	-	115,235	10,000	125,235
Changes in pension liabilities	(79,763)	(96,142)	2,578	(173,327)
Interfund loans received	-	(43,419)	-	(43,419)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(79,763)</u>	<u>(24,326)</u>	<u>12,578</u>	<u>(91,511)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(59,832)	(234,436)	-	(294,268)
Principal paid on capital debt	(25,000)	(225,657)	-	(250,657)
Interest paid on capital debt	(61,496)	193,480	-	131,984
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(146,328)</u>	<u>(266,613)</u>	<u>-</u>	<u>(412,941)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends and other	4,976	78,553	1,974	85,503
Net Cash Provided (Used) by Investing Activities	<u>4,976</u>	<u>78,553</u>	<u>1,974</u>	<u>85,503</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(68,223)	(560,650)	6,416	(622,457)
Balances - Beginning of the Year	2,477,661	2,691,035	21,254	5,189,950
Balances - End of the Year	<u>\$ 2,409,438</u>	<u>\$ 2,130,385</u>	<u>\$ 27,670</u>	<u>\$ 4,567,493</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (498,335)	\$ (673,304)	\$ (9,662)	\$ (1,181,301)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	202,645	422,481	-	625,126
Decrease (increase) in:				
Accounts receivable	(3,121)	(720)	471	(3,370)
Due from other governments	-	-	-	-
Increase (decrease) in:				
Accounts payable	452,531	(296)	1,055	453,290
Deposits payable	-	504	-	504
Compensated absences	(828)	(20,449)	-	(21,277)
OPEB liability	-	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 152,892</u>	<u>\$ (348,264)</u>	<u>\$ (8,136)</u>	<u>\$ (203,508)</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, 2017

	Agency Funds
ASSETS	
Cash and investments	\$ 1,486,848
Notes receivable	-
Land and buildings held for resale	1,833,649
Total Assets	\$ <u>3,320,497</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 3,709
Interest payable	25,954
Long-term debt:	
Due within one year	-
Due in more than one year	6,025,635
Total Liabilities	<u>6,055,298</u>
NET POSITION	
Held in trust for other governments	\$ <u>(2,734,801)</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, 2017

	Balance
	<u>June 30, 2017</u>
ADDITIONS	
Property taxes	\$ 880,880
Investment earnings and other	<u>1,035</u>
Total additions	<u>881,915</u>
DEDUCTIONS	
Administrative costs	-
Program expenses of former redevelopment agency	180,116
Interest and fiscal agency expenses of former redevelopment agency	<u>308,353</u>
Total deductions	<u>488,469</u>
Transfers in	14,300
Transfers out	-
Change in net position	407,746
Net position - Beginning of year	<u>(3,415,694)</u>
Net position - End of year	<u>\$ (3,007,948)</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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017**

**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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017. 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, 2017.

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, 2017, 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, 2017

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, 2017.

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 2017, 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, 2017

NOTE 3: DETAILED NOTES

Cash and Investments

As of June 30, 2017, the City's cash and investments are reported in the financial statements as follows:

Primary government	\$ 8,315,520
Agency funds	<u>1,486,848</u>
Total Cash and Investments	\$ <u>9,802,368</u>

As of June 30, 2017, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 300
Deposits (less outstanding checks)	<u>7,381,324</u>
Total Cash	<u>7,381,624</u>

As of June 30, 2017, the City's investments consisted of the following:

Investments:	
In California Local Agency Investment Fund (at market):	<u>2,420,744</u>
Total Investments	<u>2,420,744</u>
Total Cash and Investments	\$ <u>9,802,368</u>

At year end, the carrying amount of the City's cash deposits (including amount in checking accounts and money market accounts) was \$9,802,368 and the bank balance was \$9,938,726. 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 \$521,635 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, 2017

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, 2017, 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, 2017, the City's investment position in the State of California Local Agency Investment Fund (LAIF) was \$2,420,744. 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, 2017

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, 2017, was as follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Adjustments/</u> <u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>Governmental activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 137,047	\$ -	\$ -	\$ -	\$ 137,047
Construction in progress	-	-	-	-	-
Total capital assets,					
Not being depreciated	<u>137,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,047</u>
Capital assets, being depreciated:					
Buildings	1,338,503	-	-	-	1,338,503
Infrastructure	514,825	-	-	-	514,825
Machinery and equipment	<u>2,006,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,006,294</u>
Total capital assets, being depreciated	<u>3,859,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,859,622</u>

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3: DETAILED NOTES (Continued)

Capital Assets (Continued)

	Balance July 1, 2016	Additions	Adjustments/ Retirements	Transfers	Balance June 30, 2017
Less accumulated depreciation	<u>(2,344,509)</u>	<u>(97,375)</u>	<u>-</u>	<u>-</u>	<u>(2,344,509)</u>
Total capital assets, Being depreciated, net	<u>1,515,113</u>	<u>(72,466)</u>	<u>-</u>	<u>-</u>	<u>1,515,113</u>
Total governmental activities, net	<u>\$ 1,652,160</u>	<u>\$ (72,466)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,652,160</u>
	Balance July 1, 2016	Additions	Adjustments/ Retirements	Transfers	Balance June 30, 2017
<u>Business-Type activities:</u>					
Capital assets, not being depreciated:					
Land - Sewer	\$ 203,705	\$ -	\$ -	\$ -	\$ 203,705
Construction in progress - Water	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets not being depreciated	<u>203,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,705</u>
Capital assets, being depreciated:					
Buildings and Infrastructure - Water	15,643,239	-	-	-	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	762,112	-	-	-	762,112
Total capital assets, being depreciated	<u>25,232,101</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,232,101</u>
Accumulated Depreciation - Water	(4,954,655)	(392,160)	-	-	(4,954,655)
Accumulated Depreciation - Sewer	<u>(3,691,234)</u>	<u>(260,021)</u>	<u>-</u>	<u>-</u>	<u>(3,691,234)</u>
Less accumulated depreciation	<u>(8,645,889)</u>	<u>(652,181)</u>	<u>-</u>	<u>-</u>	<u>(8,645,889)</u>
Total capital assets, being depreciated, net	<u>16,586,212</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, 2017

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, 2017.

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 of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has 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 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 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, 2017, 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, 2017, was as follows:

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	Balance <u>June 30, 2017</u>	Amounts Due Within <u>One Year</u>
Governmental Activities					
Lease Payable					
Fire truck lease	\$ 27,063	\$ -	\$ (27,063)	\$ -	\$ -
Total Governmental Activity Debt	\$ 27,063	\$ -	\$ (27,063)	\$ -	\$ -

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CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3: DETAILED NOTES (Continued)

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Adjustments/</u> <u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Business-Type Activities					
Bonds Payable:					
2013 Water Revenue Refunding Bond	\$ 1,384,081	\$ -	\$ (67,836)	\$ 1,316,244	\$ 67,836
2016 Wastewater Refunding Bond	-	3,415,000	-	3,415,000	95,000
2016 Water Refunding Bond	-	3,945,000	(140,000)	3,805,000	75,000
Certificate of Participation:					
2007 USDA Water COP	3,895,000	-	(3,895,000)	-	-
Loan Payable:					
2008 USDA Sewer Loan	<u>3,440,000</u>	<u>-</u>	<u>(3,440,000)</u>	<u>-</u>	<u>-</u>
Total Business-Type Activity Debt	<u>\$ 8,716,792</u>	<u>\$ 7,360,000</u>	<u>\$ (7,542,836)</u>	<u>\$ 8,601,792</u>	<u>\$ 237,836</u>
Compensated Absences					
Government Activities	\$ 154,798	\$ -	\$ -	\$ 154,798	
Business-Type Activities	\$ 36,373	\$ -	\$ (21,277)	\$ 15,096	

At June 30, 2017, 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. The lease was paid off in fiscal year ended June 30, 2017.

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. During the fiscal year ended June 30, 2017 the 2007 USDA Water Certificate of Participation were defeased with the 2016 Water Refunding Bonds.

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. During the fiscal year ended June 30, 2017 the 2008 USDA Sewer Loan Payable were defeased with the 2016 Wastewater Refunding Bonds.

2016 Water Refunding Bonds - In 2016 the City issued \$3,945,000 of Water Revenue Refunding Bonds. The proceeds of the issue were used for refinance of the 2007 USDA Water Certificate of Participation. Interest on the Bond is payable semi-annually on November 1 and June 1 each year, with an interest rate of 3.5% per annum. Principal is paid annually on June 1. 100% of water revenues are pledged for the repayment of principal. The City realized a gain of \$315,253 on the refinance as measured by the difference between the net present value of the old payment stream and the net present value of the new payment stream.

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CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3: DETAILED NOTES (Continued)

In addition the City generated \$191,451 in deferred loan acquisition costs which will be amortized over the balance of the loan. Pursuant to the provisions of the Bond agreement, the City has established a Rate Stabilization Fund and made an initial deposit of \$500,000.

2016 Wastewater Refunding Bonds - In 2016 the City issued \$3,415,000 of Wastewater Revenue Refunding Bonds. The proceeds of the issue were used for refinance of the 2008 USDA Sewer Loan Payable. Interest on the Bond is payable semi-annually on February 1 and August 1 each year, with an interest rate of 3.5% per annum. Principal is paid annually on August 1. 100% of wastewater revenues are pledged for the repayment of principal. The City realized a gain of \$326,903 on the refinance as measured by the difference between the net present value of the old payment stream and the net present value of the new payment stream. In addition the City generated \$166,622 in deferred loan acquisition costs which will be amortized over the balance of the loan.

The annual aggregate maturities for the years subsequent to June 30, 2017, are disclosed in the other disclosures section on pages 47 through 50.

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, 2017:

<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>

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3: DETAILED NOTES (Continued)

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, 2017.

Deficit Fund Balances

The City has the following deficit fund balances at June 30, 2017:

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)

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.

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 4: EMPLOYEES' RETIREMENT PLAN (Continued)

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.

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	<u>City Safety Plan</u>		<u>City Miscellaneous Plan</u>	
	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 1</u>	<u>Tier 2</u>
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%	8.0%	6.25%
Required employer contribution rates	17.69%	12.08%	10.07%	6.56%

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, 2017, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>City Safety Plan</u>
Contributions - employer	\$ 108,400
Contributions - employee (paid by employer)	16,404
	<u>City Miscellaneous Plan</u>
Contributions - employer	\$ 112,958
Contributions - employee (paid by employer)	50,793

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 4: EMPLOYEES' RETIREMENT PLAN (Continued)

As of June 30, 2017, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
City Safety Plan-Tier 1	\$ 1,592,387
City Miscellaneous Plan-Tier 1	<u>1,853,650</u>
Total Net Pension Liability	<u>\$ 3,446,038</u>

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, 2016 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, 2016 rolled forward to June 30, 2017 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, 2015 and 2016 was as follows:

	City Safety Plan
Proportion - June 30, 2015	0.03571%
Proportion - June 30, 2016	<u>0.03579%</u>
Change- Increase (Decrease)	<u>0.00008%</u>

	City Miscellaneous Plan
Proportion-June30,2015	0.04681%
Proportion-June30,2016	<u>0.04584%</u>
Change - Increase (Decrease)	<u>(0.00097)%</u>

For the year ended June 30, 2017, the City recognized pension expense of \$371,827. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 288,586	\$ -
Differences between actual and expected experience	-	12,778
Changes in assumptions	-	137,406
Change in Employer's Proportion	28,865	78,329
Net difference between projected and actual earnings on pension plan investments	692,651	-
Adjustments due to differences in proportion	<u>337,358</u>	<u>-</u>
Total	<u>\$ 1,348,460</u>	<u>\$ 228,513</u>

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 4: EMPLOYEES' RETIREMENT PLAN (Continued)

\$288,586 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended	Deferred
June 30	Outflows/(Inflows)
	of Resources
2018	\$ 185,212
2019	164,344
2020	301,900
2021	179,904
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.

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 4: EMPLOYEES' RETIREMENT PLAN (Continued)

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, 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, 2017

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 Years 1 - 10(a)</u>	<u>Real Return 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>
One Percent Increase	6.65%
Net Pension Liability	\$ 2,857,718
Current Discount Rate	7.65%
Net Pension Liability	\$ 1,592,397
One Percent Decrease	8.65%
Net Pension Liability	\$ 913,487
	<u>City Miscellaneous Plan</u>
One Percent Increase	6.65%
Net Pension Liability	\$ 2,857,718
Current Discount Rate	7.65%
Net Pension Liability	\$ 1,853,650
One Percent Decrease	8.65%
Net Pension Liability	\$ 1,029,413

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

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

(Continued on the following page)

CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 5: POST-EMPLOYMENT HEALTH CARE BENEFITS

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, 2017, 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, 2017, 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, 2017

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	<u>(116,155)</u>
Annual OPEB cost (expense)	226,702
Contributions made	<u>(27,506)</u>
Increase (decrease) in net OPEB obligation	199,196
Net OPEB obligation, beginning of year	<u>2,270,364</u>
Net OPEB obligation, end of year	<u><u>\$ 2,469,560</u></u>

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:

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Contribution</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
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, 2017, the plan's most recent actuarial valuation date, was as follows:

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Accrued Liability</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>Unfunded</u> <u>Liability</u> <u>(Excess Assets)</u>	<u>Funded</u> <u>Ratio</u>	<u>Annual</u> <u>Covered</u> <u>Payroll</u>	<u>UAAL as</u> <u>a % of</u> <u>Payroll</u>
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, 2017

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, 2017 actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation Date	January 1, 2017
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
2017	Actual premiums
2017	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, 2017.

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.

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CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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 2015-2017 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.

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CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017 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, 2017 that required recognition or disclosure in such financial statements.

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CITY OF FIREBAUGH, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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.

CITY OF FIREBAUGH, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<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	\$ 1,947,066	\$ 391,336
Licenses and permits	55,250	55,250	155,525	100,275
Fines and forfeitures	49,000	49,000	35,964	(13,036)
Use of money	302	302	1,625	1,323
Intergovernmental	60,300	60,300	768,732	708,432
Charges for services	1,165,295	1,165,295	723,523	(441,772)
Other revenues	124,250	124,250	131,227	6,977
Total Revenues	<u>3,010,127</u>	<u>3,010,127</u>	<u>3,763,662</u>	<u>753,535</u>
EXPENDITURES				
Current:				
General government	146,963	146,963	193,729	(46,766)
Public ways and facilities	479,769	479,769	621,563	(141,794)
Public protection	1,925,575	1,925,575	1,974,830	(49,255)
Culture and recreation	244,698	244,698	297,930	(53,232)
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>3,117,109</u>	<u>(208,648)</u>
Excess of Revenues Over (Under)				
Expenditures	<u>101,666</u>	<u>101,666</u>	<u>646,553</u>	<u>544,887</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	101,666	101,666	646,553	544,887
Fund Balance -Beginning	1,264,831	1,264,831	1,264,831	-
Fund Balance - Ending	<u>\$ 1,366,497</u>	<u>\$ 1,366,497</u>	<u>\$ 1,911,384</u>	<u>\$ 544,887</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, 2017**

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, 2017

ADDITIONAL DISCLOSURES - DEBT SERVICE REQUIREMENTS

The annual requirement to amortize the principal and interest on all long-term debt at June 30, 2017 are as follows:

Years ending June 30,	Governmental Activities		Business-Type Activities	
	Principal Amount	Interest	Principal Amount	Interest
2017	\$ -	\$ -	\$ 242,760	\$ 285,388
2018	-	-	150,000	232,350
2019	-	-	222,686	276,344
2020	-	-	242,444	269,322
2021	-	-	247,222	261,303
2022	-	-	251,886	253,144
2023	-	-	256,458	244,853
2024	-	-	266,024	236,264
2025	-	-	270,480	227,515
2026	-	-	279,920	218,473
2027	-	-	294,124	207,658
2028	-	-	308,026	196,052
2029	-	-	316,926	183,757
2030	-	-	330,702	172,708
2031	-	-	344,298	161,769
2032	-	-	225,000	151,360
2033	-	-	235,000	144,329
2034	-	-	245,000	136,676
2035	-	-	250,000	128,631
2036	-	-	260,000	120,426
2037	-	-	265,000	111,726
2038	-	-	275,000	102,697
2039	-	-	285,000	93,331
2040	-	-	295,000	83,628
2041	-	-	305,000	73,588
2042	-	-	320,000	62,913
2043	-	-	325,000	51,625
2044	-	-	340,000	40,163
2045	-	-	350,000	28,175
2046	-	-	360,000	15,838
2047	-	-	175,000	3,063
2048	-	-	-	-
	\$ -	\$ -	\$ 8,533,956	\$ 4,775,069

(Continued on the following page)

CITY OF FIREBAUGH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

ADDITIONAL DISCLOSURES - DEBT SERVICE REQUIREMENTS, Continued

Wastewater Revenue Refunding Bonds			Water Revenue Refunding Bonds		
Series 2016A			Series 2016A		
<u>Years ending</u> <u>June 30,</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u>	
2018	\$ 95,000	\$ 110,212	\$ 75,000	\$ 125,288	
2019	70,000	108,562	80,000	123,788	
2020	70,000	107,163	80,000	122,188	
2021	75,000	105,338	85,000	119,788	
2022	75,000	103,088	90,000	117,238	
2023	75,000	100,838	90,000	114,538	
2024	75,000	98,588	90,000	111,838	
2025	80,000	96,263	95,000	109,138	
2026	80,000	93,863	95,000	106,288	
2027	85,000	91,388	100,000	103,438	
2028	90,000	88,313	105,000	99,438	
2029	90,000	84,713	110,000	95,238	
2030	95,000	81,013	115,000	90,838	
2031	100,000	77,613	120,000	87,388	
2032	105,000	74,538	120,000	83,788	
2033	105,000	71,322	120,000	80,038	
2034	105,000	68,041	130,000	76,288	
2035	110,000	64,613	135,000	72,063	
2036	115,000	60,956	135,000	67,675	
2037	120,000	57,138	140,000	63,288	
2038	120,000	53,163	145,000	58,563	
2039	125,000	49,028	150,000	53,669	
2040	130,000	44,725	155,000	48,606	
2041	135,000	40,253	160,000	43,375	
2042	140,000	35,613	165,000	37,975	
2043	145,000	30,713	175,000	32,200	
2044	150,000	25,550	175,000	26,075	
2045	155,000	20,213	185,000	19,950	
2046	160,000	14,700	190,000	13,475	
2047	165,000	9,013	195,000	6,825	
2048	175,000	3,063	-	-	
	-	-	-	-	
	\$ 3,415,000	\$ 2,069,597	\$ 3,805,000	\$ 2,310,285	

(Continued on the following page)

CITY OF FIREBAUGH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

ADDITIONAL DISCLOSURES - DEBT SERVICE REQUIREMENTS, Continued

Years ending June 30,	<u>Sewer USDA Loan</u>	
	Principal Amount	Interest
2018	\$ 72,760	49,888
2019	72,686	46,993
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
	-	-
	\$ <u>1,313,956</u>	\$ <u>395,187</u>

(Continued on the following page)

CITY OF FIREBAUGH
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

ADDITIONAL DISCLOSURES - DEBT SERVICE REQUIREMENTS, Continued

Generally accepted accounting principles require disclosure, as part of the Combined Statements - Overview, of certain information concerning individual funds including:

- A. Segment information for certain individual Enterprise Funds. This requirement is met by Note 11.
- B. Summary disclosure of debt service requirements to maturity of all types of outstanding debt. This requirement is met by Note 4.
- C. Summary disclosure of changes in General Fixed Assets by major asset class. This requirement is met by Note 3.
- D. Summary disclosure of changes in General Long-Term Debt. This requirement is met by Note 4.

REQUIRED SUPPLEMENTARY INFORMATION

Unaudited

**CITY OF FIREBAUGH, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017

Last 10 Years*

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

	Miscellaneous Plan		Safety Plan	
	2016	2017	2016	2017
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 2016, there were no changes to the benefit terms.

Changes in assumptions — In 2016, there were no changes in assumptions.

Schedule of the City's Proportionate Share of the Net Pension Liability

	2016	2017	2016	2017
Contractually required contribution (actuarially determined)	\$ 139,815	\$ 157,234	\$ 451,833	\$ 601,159
Contributions in relation to the contractually required contributions	<u>(139,815)</u>	<u>(157,234)</u>	<u>(451,833)</u>	<u>(601,159)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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>
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 2016 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, 2016, 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	<u>-</u>	<u>178,863</u>
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>

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CITY OF FIREBAUGH, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2017

	Gas Tax	Local Transportation	Development Impact Fees
ASSETS			
Cash and investments	\$ 98,114	\$ 383,319	\$ 307,980
Accounts receivable (net of allowance)	13,856	-	17,399
Loans receivable	-	-	-
Total Assets	<u>\$ 111,970</u>	<u>\$ 383,319</u>	<u>\$ 325,379</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 3,837	\$ 6,665	\$ 2,282
Deposits payable	-	-	-
Due to other funds	-	-	16,191
Unearned revenue	-	-	-
Total Liabilities	<u>3,837</u>	<u>6,665</u>	<u>18,473</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable resources	-	-	-
FUND BALANCES			
Reserved for:			
Loans receivable	-	-	-
Unreserved:			
Undesignated	108,133	376,654	306,906
Total Fund Balances	<u>108,133</u>	<u>376,654</u>	<u>306,906</u>
Total Liabilities and Fund Balances	<u>\$ 111,970</u>	<u>\$ 383,319</u>	<u>\$ 325,379</u>

See the accompanying notes
to the required supplementary
information.

Measure C Funds	Landscape Maintenance	Public Safety	Low Moderate Housing Assets	Totals
\$ 611,282	\$ 72,403	\$ 79,887	\$ 29,894	\$ 1,582,879
15,834	-	12,929	-	60,018
-	-	-	350,000	350,000
<u>\$ 627,116</u>	<u>\$ 72,403</u>	<u>\$ 92,816</u>	<u>\$ 379,894</u>	<u>\$ 1,992,897</u>

\$ 19,308	\$ 1,303	\$ 11,198	\$ -	\$ 44,593
-	-	-	-	-
-	-	-	-	16,191
-	-	-	-	-
<u>19,308</u>	<u>1,303</u>	<u>11,198</u>	<u>-</u>	<u>60,784</u>

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

-	-	-	-	-
-	-	-	-	-
607,808	71,100	81,618	29,894	1,582,113
607,808	71,100	81,618	29,894	1,582,113
<u>\$ 627,116</u>	<u>\$ 72,403</u>	<u>\$ 92,816</u>	<u>\$ 379,894</u>	<u>\$ 1,992,897</u>

**CITY OF FIREBAUGH, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Gas Tax	Transportation Funds	Development Impact Fees
REVENUES			
Taxes and assessments	\$ 155,433	\$ -	\$ -
Use of money	369	380	-
Intergovernmental	-	254,494	674,059
Charges for services	-	-	82,204
Other revenues	-	-	320
Total Revenues	<u>155,802</u>	<u>254,874</u>	<u>756,583</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public ways and facilities	197,441	99,142	689,549
Public protection	-	-	17,580
Culture and recreation	-	-	-
Community development	-	-	-
Capital outlay	-	179,909	-
Total Expenditures	<u>197,441</u>	<u>279,051</u>	<u>707,129</u>
Excess of Revenues Over (Under) Expenditures	<u>(41,639)</u>	<u>(24,177)</u>	<u>49,454</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	16,719
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>16,719</u>
Net Change in Fund Balances	(41,639)	(24,177)	66,173
Fund Balances - Beginning	149,772	400,831	240,733
Prior period adjustment	-	-	-
Fund Balances - Beginning, Restated	<u>149,772</u>	<u>400,831</u>	<u>240,733</u>
Fund Balances - Ending	<u>\$ 108,133</u>	<u>\$ 376,654</u>	<u>\$ 306,906</u>

See the accompanying notes
to the required supplementary
information.

Measure C Funds	Landscape Maintenance	Public Safety	Low-Moderate Housing Assets	Totals
\$ -	\$ -	\$ -	\$ -	\$ 155,433
641	137	303	-	1,830
260,874	46,242	147,910	-	1,383,579
-	-	-	-	82,204
-	-	-	-	320
<u>261,515</u>	<u>46,379</u>	<u>148,213</u>	<u>-</u>	<u>1,623,366</u>
-	-	-	-	-
177,174	21,078	-	-	1,184,384
-	-	116,246	-	133,826
-	-	-	-	-
-	-	-	-	-
-	-	-	-	179,909
<u>177,174</u>	<u>21,078</u>	<u>116,246</u>	<u>-</u>	<u>1,498,119</u>
<u>84,341</u>	<u>25,301</u>	<u>31,967</u>	<u>-</u>	<u>125,247</u>
-	-	-	-	16,719
<u>(24,135)</u>	<u>-</u>	<u>-</u>	<u>(14,300)</u>	<u>(38,435)</u>
<u>(24,135)</u>	<u>-</u>	<u>-</u>	<u>(14,300)</u>	<u>(21,716)</u>
60,206	25,301	31,967	(14,300)	103,531
547,602	45,799	49,651	44,194	1,478,582
-	-	-	-	-
<u>547,602</u>	<u>45,799</u>	<u>49,651</u>	<u>44,194</u>	<u>1,478,582</u>
<u>\$ 607,808</u>	<u>\$ 71,100</u>	<u>\$ 81,618</u>	<u>\$ 29,894</u>	<u>\$ 1,582,113</u>

CITY OF FIREBAUGH, CALIFORNIA
SCHEDULE OF NET REVENUE AVAILABLE FOR DEBT SERVICE
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities -		
	Sewer	Water	Airport
OPERATING REVENUES			
Charges for services	\$ 1,437,338	\$ 1,465,253	\$ 21,120
Delinquent Fees	-	41,640	-
Waste Discharge Fees	3,830	-	-
Toma Tek Service and Reimbursement Revenue	77,096	-	-
Rate stabilization deposits	-	250,000	-
Other	316	20,789	1,974
Total Available Revenues	<u>1,518,580</u>	<u>1,777,682</u>	<u>23,094</u>
OPERATING EXPENSES			
Personnel costs	599,431	597,511	12,732
Supplies Maintenance and Operations	273,542	290,231	5,248
Contractual Services and Utilities	213,961	368,051	10,825
Other expense	108,315	56,187	84
Total Operations and Maintenance	<u>1,195,249</u>	<u>1,311,980</u>	<u>28,889</u>
NON OPERATING REVENUES AND EXPENSES			
Capacity Charge Revnue	-	-	-
Investment Earnings	4,660	4,967	-
Net Non-operating revenues (expenses)	<u>4,660</u>	<u>4,967</u>	<u>-</u>
TOTAL NET REVEENE AVAILABLE FOR DEBT SERVICE	\$ <u>327,991</u>	\$ <u>470,669</u>	\$ <u>(5,795)</u>
DEBT SERVICE REQUIREMENTS			
2013 Water Revenue Refunding Bond	\$ -	\$ 122,648	\$ -
2016 Water Refunding Bond - Series 2016A	-	200,288	-
2016 Wastewater Refunding Bond - Series 2016A	<u>205,212</u>	<u>-</u>	<u>-</u>
Total Debt Service	<u>205,212</u>	<u>322,936</u>	<u>-</u>
Net Revenue after Debt Service	<u>\$ 122,779</u>	<u>\$ 147,733</u>	<u>\$ (5,795)</u>
Debt Service Coverage Ratio	<u>1.60</u>	<u>1.46</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**

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Donald R. Reynolds

Certified Public Accountant

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, 2017, 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.

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

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.

A handwritten signature in black ink, appearing to read "Donald R. Reynolds". The signature is stylized with a large, looped "D" and a cursive "Reynolds".

Donald R. Reynolds
Certified Public Accountant
January 5, 2017

MEETING MINUTES

The City Council/Successor Agency of the City of Firebaugh Vol. No. 18/02-05

Location of Meeting: Andrew Firebaugh Community Center
1655 13th Street, Firebaugh, CA 93622

Date/Time: January 17, 2017/6:00 p.m.

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

ROLL CALL PRESENT: Council Member Elsa Lopez
Council Member Freddy Valdez
Council Member Brady Jenkins

ABSENT: Mayor Felipe Perez, Mayor Pro Tem Marcia Sablan,

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

PLEDGE OF ALLEGIANCE Council Member Valdez led pledge of Allegiance.

PUBLIC COMMENT None

PRESENTATION

CONSENT CALENDAR

1. APPROVAL OF MINUTES – The City Council regular meeting on January 17, 2018.

Motion to approve minutes by Council Member Valdez, second by Council Member Lopez; motion pass by unanimous 3-0 vote.

- *Motion to enter in to Successor Agency by Council Member Jenkins, second by Council Member Valdez at 6:03 pm; motion pass by unanimous 3-0 vote.*

SUCCESSOR AGENCY MATTERS

2. RESOLUTION NO. 18-05 - A RESOLUTION OF THE SUCCESSOR AGENCY OF THE FIREBAUGH REDEVELOPMENT AGENCY APPROVING A CONTRACT WITH A. M. PECHÉ & ASSOCIATES LLC TO PROVIDE CONSULTING SERVICES TO THE SUCCESSOR AGENCY IN FISCAL YEAR 2018-19.

Motion to approve Res. No. 18-05 by SA Member Lopez, second by SA Member Valdez; motion pass by unanimous 3-0 vote.

- *Motion to enter in to Council Meeting by Council Member Jenkins, second by Council Member Valdez at 6:04 pm; motion pass by unanimous 3-0 vote.*

NEW BUSINESS

3. THE CITY COUNCIL OF THE CITY OF FIREBAUGH TO CONSIDER THE REQUEST WAVIER OF FEES FOR THE USE OF ANDREW FIREBAUGH COMMUNITY CENTER AND RODEO GROUNDS BY RIVER PARKWAY TRUST FOR CAMPING EVENT.

Motion to approve rental fee waiver, with recommendation to adding the River Park as a community event by Council Member Valdez, second by Council Member Jenkins; motion pass by unanimous 3-0 vote.

4. **THE CITY COUNCIL OF THE CITY OF FIREBAUGH APPROVING AMENDMENTS TO THE FY 2017-2018 CITY BUDGET PER MID-YEAR REVIEW.**

Motion to approve amendments \$10,000 to General Fund 004 for lights at Maldonado Park and \$10,000 to fund line 3502 for legal services by Council Member Lopez, second by Council Member Valdez; motion pass by unanimous 3-0 vote.

5. **RESOLUTION NO. 18-06 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FIREBAUGH APPROVING AND AUTHORIZING EXECUTION OF REAL PROPERTY PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS.**

Motion to approve Res. No. 18-06 by Council Member Lopez, second by Council Member Valdez; motion pass by unanimous 3-0 vote.

6. **RESOLUTION NO. 18-07 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FIREBAUGH APPROVING AND ADOPTING AN INJURY AND ILLNESS PREVENTION PROGRAM.**

Motion to approve Res. No. 18-07 by Council Member Valdez, second by Council Member Lopez; motion pass by unanimous 3-0 vote.

7. **RESOLUTION NO. 18-08 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FIREBAUGH SUPPORTING AB1012 A STATE LAW TO SECURE THE EFFICIENCY OF TRANSPORTATION FUNDING AND IMPLEMENTING A TIMELY USE OF THE FEDERAL/STATE FUNDING UNDER THE FEDERAL SURFACE TRANSPORTATION ACT FOR THE FOLLOWING PROJECTS; 8TH ST PEDESTRIAN REHABILITATION.**

Motion to approve Res. No. 18-08 by Council Member Valdez, second by Council Member Lopez; motion pass by unanimous 3-0 vote.

8. **RESOLUTION NO. 18-09 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FIREBAUGH APPROVING AND AUTHORIZING EXECUTION OF AGREEMENT WITH CONSULTANT FOR THE PROVISION OF PLANNING SERVICES.**

Motion to approve Res. No. 18-09 by Council Member Lopez, second by Council Member Valdez; motion pass by unanimous 3-0 vote.

9. **RESOLUTION NO. 18-10 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FIREBAUGH APPROVING AND AUTHORIZING EXECUTION OF AGREEMENT FOR PROFESSIONAL LEGAL SERVICES AS SPECIAL COUNSEL RELATED TO MARIJUANA REGULATION AND ENFORCEMENT.**

Motion to approve Res. No. 18-10 by Council Member Lopez, second by Council Member Jenkins; motion pass by unanimous 3-0 vote.

10. **RESOLUTION NO. 18-11 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FIREBAUGH APPROVING AND AUTHORIZING EXECUTION OF MEMORANDUM OF UNDERSTANDING FOR FRESNO COUNTY REGIONAL PAVEMENT MANAGEMENT SYSTEM.**

Motion to approve Res. No. 18-11 by Council Member Valdez, second by Council Member Jenkins; motion pass by unanimous 3-0 vote.

Fresno County Board of Supervisor, District 1 - Brain Pacheco, reported about 25 individuals attended a public meeting regarding the relocation of the library from current location to West Hills, 15 individuals were Firebaugh residents and were opposing the move. West Hill Vice Chancellor and two other West Hills employees also attended and heard the concerns of the public. Survey is available on the county website regarding this matter and the purpose for Mr. Pacheco's attending the meeting is to communicate with the council on whether City has received any feedback on this issue and ask what direction does the city which to take.

STAFF REPORTS

- **Police Chief, Sal Raygoza** – January has been quite, year-end reports were included in the agenda packet for review. All Cities may see a negative impact next year with Prop 57 and Prop 47, which will release prisoners. Will submit a resolution to oppose and submit to the State for consideration. Council Member Jenkins inquired about training for Officers regarding 11-5-50. Police Chief would like to train officers since there is many new employees, however, because of post funding purposes, the department can only send a few at a time, the training is about two weeks. Council Member Valdez suggested the Police Department hold an assembly at the school to do a presentation on the new marijuana laws, so the understand it is still a crime for minors and understand the regulations. Council Member Valdez also asked the City Manager to contact the Superintendent Freitas on concerns of the relationship between the police department and school. A funding is available for a PAL mentorship program, PAL would like to apply with the support of the city. Council Member Jenkins asked if the k-9 program will return. Chief replied, an officer that is interested but he is still on probation and the currently policy requires an officer to have at least 5 years of service.
- **Fire Chief, John Borboa** – Still waiting for an update about the Fire truck, and will need to make an amendment to the budget for annual vehicle repairs fund to pay for the cost of the repairs.
- **Finance Director, Pio Martin** – received a draft of the audit, the street reports were submitted to the State, so deadline was met. Bond debit coverage is required to be above 1.2 and it currently is not, financial adviser's recommendation is to establish a rate stabilization 120 days after the FY end and complete a new rate study, the negative impacts came from GASB 65 (Refi Bonds) and GASB 68 (CalPERS), another factor is TOMA TEK revenue is lower than expected. City will be placing an RFP for Auditor Services, since the current contract is expiring this year.
- **City Manager, Ben Gallegos** – Attended the League of Cities Conference, discovered there is a support group of experienced City Managers that assist new City Manager. Researching other solar programs, heard good things about Op Terra but heard good things about other companies. Rate increase will probably be suggested through rate study for additional revenue, but we don't want to the businesses. Found a lot of issues under the parking lot at the Senior Center, plan to use bond proceeds to fund the repairs needed and install a drainage system. Dollar General is having their Grand Opening Sat. at 8:00 am. Met with Phil the finance director of Mr. Bill Davis on the proposed project.
- **City Attorney Meggin Boranian** – Provided Ben with the information on the upcoming Attorney's Conference.

PUBLIC COMMENT ON CLOSED SESSION ITEM ONLY**CLOSED SESSION**

ANNOUNCEMENT AFTER CLOSED SESSION: None

ADJOURNMENT *Motion adjourn by Council Member Valdez, second by Council Member Lopez; motion passes by unanimous 3-0 vote at 7:42 p.m.*



REPORT TO CITY COUNCIL
— MEMORANDUM —

AGENDA ITEM NO: _____

COUNCIL MEETING DATE: February 21, 2018

SUBJECT: Warrant Register Dated: January 1, 2018 – January 31, 2018

RECOMMENDATION:

In accordance with Section 37202 of the Government Code of the State of California there is presented here with a summary of the demands against the City of Firebaugh covering obligations to be paid during the period of:

JANUARY 01, 2017 – JANUARY 31, 2018

Each demand has been audited and I hereby certify to their accuracy and that there are sufficient funds for their payment as of this date.

IT IS HEREBY RECOMMENDED THE CITY COUNCIL
APPROVE THE REGISTER OF DEMANDS AS FOLLOWS:

GENERAL WARRANTS	# 36169 – #36273	<u>\$ 617,505.79</u>
PAYROLL WARRANTS.....	# 69116 – #69253	<u>\$ 299,636.83</u>

TOTAL WARRANTS..... \$ **917,142.62**

CITY OF FIREBAUGH ACCOUNTS PAYABLE
WARRANTS JANUARY 1, 2018 - JANUARY 31, 2018

<u>Check</u> <u>Number</u>	<u>Check</u> <u>Date</u>	<u>Name</u>	<u>Net</u> <u>Amount</u>	<u>Description</u>
35962	1/5/2018	WESTAMERICA BANK	\$ (150.00)	Ck# 035962 Reversed
36144	1/5/2018	COUNTY OF FRESNO TREASURE	\$ (201.91)	Ck# 036144 Reversed
36169	1/3/2018	CITY OF FIREBAUGH	\$ 89,383.82	UNITED SEC BANK-PAYROLL
36170	1/4/2018	AGRI-VALLEY IRRIGATION LL	\$ 35.83	METER-PARTS
			\$ 20.50	HWY 33-ADAPTER MALE SCHED
			\$ 16.96	BALL VALVE/ADAPTER FEMALE
		Check Total:	\$ 73.29	
36171	1/4/2018	ALA 346	\$ 77.40	5 CALENDARS/79 LISTINGS
36172	1/4/2018	AMERIPRIDE SERVICES INC.	\$ 75.00	PD-HONEYCOMB MAT
36173	1/4/2018	ANTHONY'S SHOP	\$ 214.95	PW#11-OVERHAUL AND PARTS
36174	1/4/2018	AT&T MOBILITY	\$ 415.00	POLICE DEPT #287249191200
36175	1/4/2018	AT&T	\$ 108.75	ALL DEPT INTERNET #939101
			\$ 607.70	#9391012024 ALL DEPTS TEL
			\$ 499.77	PD INTERNET
		Check Total:	\$ 1,216.22	
36176	1/4/2018	CALIFORNIA BUILDING STAND	\$ 64.80	BUILDING STANDARDS ADMIN
36177	1/4/2018	FERNANDO CAMPA	\$ 250.00	HEALTH INSURANCE STIPEND
36178	1/4/2018	COLLINS & SCHOETTLER	\$ 860.00	PLANNING CONSULTING DEC
			\$ 5,580.00	PLANNING CONSULTING NOV
		Check Total:	\$ 6,440.00	
36179	1/4/2018	COOK'S COMMUNICATIONS	\$ 245.10	PD-BATTERY KENWOOD 180
36180	1/4/2018	CORELOGIC SOLUTIONS, LLC.	\$ 200.00	REALQUEST DECEMBER 2017
36181	1/4/2018	CVR & ASSOCIATES, INC.	\$ 3,513.13	BLDG & INSPEC INSPECTION
36182	1/4/2018	DEPT. OF TRANSPORTATION	\$ 163.56	HIT AND RUN-ACCIDENT 12/5/17
36183	1/4/2018	DEPT. OF CONSERVATION	\$ 268.08	BLDG & INSPEC 10/1/17-12/17
36184	1/4/2018	FALCON CHEERLEADING ORG.	\$ 150.00	A/F HALL CLEANING DEPOSIT

CITY OF FIREBAUGH ACCOUNTS PAYABLE
WARRANTS JANUARY 1, 2018 - JANUARY 31, 2018

<u>Check</u> <u>Number</u>	<u>Check</u> <u>Date</u>	<u>Name</u>	<u>Net</u> <u>Amount</u>	<u>Description</u>
36185	1/4/2018	FIREBAUGH HARDWARE COMPAN	\$ 43.17	COMMUNITY CENTER-THERMOST
			\$ 83.51	PD#6-PLEXI GLASS
Check Total:			\$ 126.68	
36186	1/4/2018	GOODALL TRUCKING, INC.	\$ 1,387.48	REPAIR POT HOLES
36187	1/4/2018	GUTHRIE PETROLEUM, INC.	\$ 1,204.34	BULK UNLEADED GASOLINE
			\$ 1,244.49	BULK UNLEADED GASOLINE
			\$ 909.95	BULK UNLEADED GASOLINE
			\$ 1,724.19	BULK UNLEADED GASOLINE
Check Total:			\$ 5,082.97	
36188	1/4/2018	RODDY A. LAKE	\$ 313.75	POLICE HEALTH INS
36189	1/4/2018	LG ELECTRIC	\$ 1,851.39	13TH ST/P ST PEDESTAL
36190	1/4/2018	MANUELS TIRE SERVICE, INC	\$ 28.09	LAWN MOWER TUBE
			\$ 100.07	PD TRAILER-RADIAL
			\$ 16.26	PD#7-RADIAL PATCH
Check Total:			\$ 144.42	
36191	1/4/2018	MEGGIN BORANIAN	\$ 6,000.00	MONTHLY RETAINER FOR JAN17
			\$ 862.00	PD-SPECIAL SERVICES-LITIGATION
Check Total:			\$ 6,862.00	
36192	1/4/2018	MID-VALLEY DISPOSAL	\$ 63.98	1800 HELM CANAL
			\$ 27,455.85	DISPOSAL SERVICES FOR DEC
Check Total:			\$ 27,519.83	
36193	1/4/2018	RICARDO MONAY	\$ 250.00	HEALTH INSURANCE STIPEND
36194	1/4/2018	FERNANDO MORENO	\$ 250.00	HEALTH INSURANCE STIPEND
36195	1/4/2018	NAPA AUTO PARTS - FIREBAU	\$ 60.16	SERVICE #35-AIR FILTER
			\$ 161.95	SHOP TOOL-WRENCH KIT
			\$ 44.55	FD-BODY MITT/TOUCH TIRE
			\$ 14.49	FD-METAL PLUSH/PURPLE POW
			\$ 9.65	SHOP-COUPLER
			\$ 42.95	MOWER-OIL FILTER/BATTERY
			\$ 7.41	OLD Z TRAC-CONTROL
			\$ 43.46	PW#38-RADIATER HOSE
			\$ 10.79	PW#38-DISC SET
			\$ 13.58	PW#40-UNDERCOAT BLACK
			\$ 4.36	SHOP TOOL-UTILITY KNIFE

CITY OF FIREBAUGH ACCOUNTS PAYABLE
WARRANTS JANUARY 1, 2018 - JANUARY 31, 2018

<u>Check</u> <u>Number</u>	<u>Check</u> <u>Date</u>	<u>Name</u>	<u>Net</u> <u>Amount</u>	<u>Description</u>
36195	1/4/2018	NAPA AUTO PARTS - FIREBAU	\$ 26.54	PW#11-V BELT
			\$ 9.85	PD#4-HALOGEN CAPSULE
Check Total:			\$ 449.74	
36196	1/4/2018	CALIF PUBLIC EMPLOYEES RE	\$ 7,569.51	ANNUAL UNFUNDED ACCRUED
			\$ 12,442.11	ANNUAL UNFUNDED ACCRUED
			\$ 0.51	ANNUAL UNFUNDED ACCRUED
Check Total:			\$ 20,012.13	
36197	1/4/2018	PITNEY BOWES #8000-9090-	\$ 520.99	POSTAGE REFILL 12/8/2017
36198	1/4/2018	SPARKLETTS	\$ 39.09	PUBLIC WORKS/SHOP
36199	1/4/2018	SWRCB ACCOUNTING OFFICE	\$ 8,247.00	WATER SYSTEM FEES 7/1/201
36200	1/4/2018	TECH MASTER MANAGEMENT	\$ 80.00	POLICE DEPT PEST CONTROL
			\$ 150.00	PEST CONTROL
Check Total:			\$ 230.00	
36201	1/4/2018	TPX COMMUNICATIONS	\$ 1,569.72	ALL DEPTS-TELEPHONE & INT
36202	1/4/2018	THARP'S FARM SUPPLY	\$ 45.07	SITE 1&2-BLUE NITRILE GLO
			\$ 12.14	UTILITY KNIFE
			\$ 30.95	ROLLER COVER
			\$ 26.42	PD-DRY WALL
			\$ 6.46	KNIFES TO CUTE RAGS OFF M
			\$ 3.09	BLUE TRAILER-CAPSCREW
			\$ 8.94	CODE ENFORCEMENT-YELLOW
			\$ 4.95	SITE#2-GASKET BLUE
			\$ 3.55	SITE#2-GORILLA GLUE
			\$ 7.50	ADHESIVE SEALANT
			\$ 17.81	PD-FLUIDMASTER
			\$ 6.64	NO-KINK FEMALE BIBB
			\$ 1.45	CAP
			\$ 2.70	BLACK TAPE
			\$ 7.72	HANDLE
			\$ 5.88	SHOP SUPPLIES TIE WIRE
			\$ 57.51	PD-ARROW GUN TACKER/EXT
			\$ 167.75	SENIOR CENTER IGLOO PURCH
			\$ (167.75)	SENIOR CENTER IGLOO RETURN
			\$ 84.90	TRUCK #10-WELDING ROD/GLOVE
			\$ 22.74	CARWASH MITT/CHAM
			\$ 15.39	COMMUNITY CTR-FUSE
			\$ 24.08	BROOM HEAD

CITY OF FIREBAUGH ACCOUNTS PAYABLE
WARRANTS JANUARY 1, 2018 - JANUARY 31, 2018

<u>Check</u>	<u>Check</u>		<u>Net</u>	
<u>Number</u>	<u>Date</u>	<u>Name</u>	<u>Amount</u>	<u>Description</u>
36202	1/4/2018	THARP'S FARM SUPPLY	\$ 1.37	BACKHOE-HAIR PIN
			\$ 4.11	BALL VALVE /HOSES SHUT OF
			\$ 6.44	BATTERIES FOR SOUNDERS-AA
			\$ 23.84	PD-SPRAY NOZZLE
			\$ 8.95	CURTIS KEYS
			\$ 6.42	HUD TANK-CAULKING GUN
			\$ 26.72	MOOSE GLUE TRAP
			\$ 5.16	COMMUNITY CTR-ANCHOR KIT
			\$ 12.95	VOLT BATTERY
			\$ 12.70	PIPE WRAP-LEAK BEHIND J.
			\$ 34.98	GLOVES- VAC TRUCK/SERVICE
			\$ 6.11	PW340-FLATWASHER/PINS
			\$ 3.00	PW#40-BOLT
			\$ 29.65	MALDONADO PARK-GLOVES
			\$ 30.77	DAYCO BELT-BEEHIVE
			\$ 5.53	SPAYING-BALL VALVE
			\$ 323.12	PW#9-BATTERY FILLED W/ACID
			\$ 33.68	ELBOW/NIPPLE/PIPE
			\$ 58.10	MALDONADO BATHROOM-BLUE
			\$ 1.62	KEY TIMERS
			\$ 13.17	STREET LIGHTS-WIRE/BLACK
			\$ 5.24	STREET LIGHTS-WIRE
			\$ 5.54	SERVICE TRUCK-SCRATCH
			\$ 29.11	MALDONADO PARK-PAINT BRUSH
			\$ 2.68	JETTER TRAILERS-O RING
			\$ 1.94	CLINE STORM PUMP-PIPE
			\$ 8.96	SIRI HOLL-DUSTER
Check Total:			\$ 1,097.75	
36203	1/4/2018	THOMASON TRACTOR COMPANY	\$ 25.21	BACKHOE-PIN
			\$ 75.44	BLADE
Check Total:			\$ 100.65	
36204	1/4/2018	U.S. BANK EQUIPMENT FINAN	\$ 140.39	RNT/LEASE EQUIP 12/20/17
36205	1/4/2018	U.S. POSTMASTER	\$ 774.64	UTILITY BILLING FOR JAN2017
36206	1/4/2018	VALLEY NETWORK SOLUTIONS	\$ 992.50	MONTHLY MONITORING FEB2017
36207	1/4/2018	TUCKER CARRILLO-ZAZUETA	\$ 250.00	HEALTH INSURANCE STIPEND
36208	1/4/2018	JUAN ANGUIANO	\$ 55.37	MQ CUSTOMER REFUND
36209	1/4/2018	JUDY BREEDEN	\$ 14.77	MQ CUSTOMER REFUND

CITY OF FIREBAUGH ACCOUNTS PAYABLE
WARRANTS JANUARY 1, 2018 - JANUARY 31, 2018

<u>Check</u> <u>Number</u>	<u>Check</u> <u>Date</u>	<u>Name</u>	<u>Net</u> <u>Amount</u>	<u>Description</u>
36210	1/4/2018	JOE & MARIA DEL BOSQUE	\$ 58.29	MQ CUSTOMER REFUND
36211	1/4/2018	BIANCA ECHEVESTE	\$ 33.01	MQ CUSTOMER REFUND
36212	1/4/2018	MARIA & GONZALEZ, PABLO H	\$ 4.16	MQ CUSTOMER REFUND
36213	1/4/2018	FRANCISCO VILLAFUERTE	\$ 5.21	MQ CUSTOMER REFUND
36214	1/4/2018	ABDOO YAHYA	\$ 151.18	MQ CUSTOMER REFUND
36215	1/4/2018	SOCORRO ZAVALA	\$ 1.50	MQ CUSTOMER REFUND
36216	1/11/2018	ARIES INDUSTRIES, INC.	\$ 78,678.72	MOBILE PATHFINDER SYSTEM
36217	1/11/2018	AUTOZONE COMMERCIAL (1379	\$ 59.80	FD-WIPER BLADE
			\$ 25.24	SWEEPER-UNDERCOAT PRO RUST
			\$ 34.47	PD#7-FINEWIRE PLAT PLUG
			\$ 146.82	ANTIFREEZE/COOLANT
			\$ 178.48	RADIATOR
			\$ (136.04)	RADIATOR RETURN
			\$ 3.98	RAIN X FOR LIFT STATIONS
			\$ 85.43	PD-1200A JUMP STARTER
			\$ (93.77)	PD-JUMP START
			\$ 13.33	PD-HALOGN CAPSULE BULB
			\$ 24.96	SHOP SUPPLIES-BRAKE FLUID
			\$ 48.40	PD UNIT #1-SPARK AC DELCO
			\$ 53.98	PD UNIT #1-DURALAST IGNIT
Check Total:			\$ 445.08	
36218	1/11/2018	RICHARD A. BLAK	\$ 375.00	POST PSYCH SCREEN CHRISTO
36219	1/11/2018	BSK & ASSOCIATES, INC.	\$ 801.00	PROFESSIONAL SERVICES
			\$ 300.00	LAB ANALYSIS
			\$ 37.50	LAB ANALYSIS
			\$ 70.00	LAB ANALYSIS
			\$ 45.00	LAB ANALYSIS
			\$ 295.00	LAB ANALYSIS
			\$ 37.50	LAB ANALYSIS
			\$ 55.00	LAB ANALYSIS
			\$ 85.00	LAB ANALYSIS
			\$ 67.50	LAB ANALYSIS
			\$ 45.00	LAB ANALYSIS
			\$ 46.75	LAB ANALYSIS
			\$ 60.50	LAB ANALYSIS
			\$ 37.50	LAB ANALYSIS

CITY OF FIREBAUGH ACCOUNTS PAYABLE
WARRANTS JANUARY 1, 2018 - JANUARY 31, 2018

<u>Check</u>	<u>Check</u>		<u>Net</u>	
<u>Number</u>	<u>Date</u>	<u>Name</u>	<u>Amount</u>	<u>Description</u>
36219	1/11/2018	BSK & ASSOCIATES, INC.	\$ 68.76	LAB ANALYSIS
			\$ 56.28	LAB ANALYSIS
			\$ 53.14	LAB ANALYSIS
Check Total:			\$ 2,161.43	
36220	1/11/2018	COOK'S COMMUNICATIONS	\$ 976.80	PD RADIO EQUIPMENT REPAIR
36221	1/11/2018	DEPARTMENT OF JUSTICE	\$ 164.00	FINGERPRINTS DECEMBER 2017
36222	1/11/2018	DONALD R. REYNOLDS, CPA	\$ 5,000.00	THIRD PROGRESS BILLING
36223	1/11/2018	E POLY STAR, INC.	\$ 2,036.95	BLACK CAN LINER
36224	1/11/2018	EXCEL SIGN COMPANY	\$ 540.54	DECALS NEW PATROL CAR
36225	1/11/2018	FORK LIFT SPECIALTIES, IN	\$ 4,184.18	WACHS PW-TRAILER BRAKES
36226	1/11/2018	FRESNO COUNTY TREASURER	\$ 164.04	RMS/JMS/CAS ACCESS FEES
36227	1/11/2018	FRESNO OXYGEN	\$ 46.80	PW-SHOP
36228	1/11/2018	GOODALL TRUCKING, INC.	\$ 691.04	MATERIAL-BASE ROCK
36229	1/11/2018	HCL MACHINE WORKS	\$ 853.44	FLAT EXP METAL/REPAIR LAB
36230	1/11/2018	KER WEST, INC. DBA	\$ 99.00	LEGAL ADVERTISEMENT-CREDIT
36231	1/11/2018	OCCUPATIONAL HEALTH CNTER	\$ 161.50	PD-PHYSICAL BERNARD ORTIZ
36232	1/11/2018	PACIFIC GAS & ELECTRIC	\$ 74.52	FIRE DEPT #3228327255-0
36233	1/11/2018	QUILL CORPORATION	\$ 39.94	CITY HALL LINEN PAPER
			\$ 34.53	CITY HALL FILE FOLDERS
Check Total:			\$ 74.47	
36234	1/11/2018	RSG, INC.	\$ 2,775.00	RSG1506-2017-18 SUCCESSOR
36235	1/11/2018	SPARKLETTS	\$ 95.07	CITY HALL/SENIOR CENTER
36236	1/11/2018	SUN'S INTERNATIONAL CORP	\$ 9.07	POLICE-PAPER TOWELS
			\$ 27.21	PAPER TOWELS
			\$ 16.20	COMMUNITY CTR-BATHROOM
Check Total:			\$ 52.48	
36237	1/11/2018	RODOLFO TABARES	\$ 88.00	REIMBURSEMENT FOR DMV FEE

**CITY OF FIREBAUGH ACCOUNTS PAYABLE
WARRANTS JANUARY 1, 2018 - JANUARY 31, 2018**

<u>Check</u> <u>Number</u>	<u>Check</u> <u>Date</u>	<u>Name</u>	<u>Net</u> <u>Amount</u>	<u>Description</u>
36238	1/11/2018	USA BLUEBOOK	\$ 468.44	SEWER LAB ANALYSIS
36239	1/11/2018	VERIZON WIRELESS	\$ 685.07	ALL DEPTS CELL PHONES
36240	1/11/2018	WITMER PUBLIC SAFETY GROU	\$ 44.58	FD-BOSTON LEATHER RADIO
36241	1/12/2018	CITY OF FIREBAUGH	\$ 86,226.58	UNITED SEC BANK-PAYROLL
36242	1/17/2018	GOUVEIA ENGINEERING, INC.	\$ 70.88	720.18 9974 N DOS PALOS 5
			\$ 485.63	725.01 PUBLIC WORKS GENERATOR
			\$ 4,766.25	730.07 SRF WWTP IMPROVEMENT
			\$ 1,043.75	740.09 III CDBG WATER MAIN
			\$ 354.38	775.04 "M" STREET CROSSING
			\$ 70.88	775.05 ARTHUR MILLS SCHOOL
			\$ 930.56	785.03 WEST HILLS EXPANSION
			\$ 3,142.13	795.03 CMAQ APPLICATIONS
			\$ 2,958.38	795.11 STBG APPLICATIONS
			\$ 6,271.13	795.06 CDBG APPLICATIONS
			\$ 354.38	795.13 SJ RIVER PROJECT
			\$ 141.75	725.01 PUBLIC WORKS GENERATOR
			\$ 5,291.18	730.07 SRF WWTP IMPROVEMENT
			\$ 186.38	740.09 III CDBG WATER MAIN
			\$ 637.88	740.11 SGMA
			\$ 1,377.50	740.12 HUD TANK
			\$ 563.06	775.03 LLA 2016-02 DOLLAR
			\$ 400.31	775.04 "M" STREET CROSSING
			\$ 2,663.06	775.05 ARTHUR E MILLS SCHOOL
			\$ 274.31	785.03 WEST HILLS EXPANSION
			\$ 232.50	785.19 SENIOR CENTER REHAB
			\$ 425.25	795.13 SJ RIVER PROJECT
Check Total:			\$ 32,641.53	
36243	1/18/2018	ADAMS ASHBY GROUP, LLC	\$ 2,510.00	GENERAL ADMINISTRATION 15
			\$ 960.00	LABOR COMPLIANCE 15-CDBG-
Check Total:			\$ 3,470.00	
36244	1/18/2018	ARIES INDUSTRIES, INC.	\$ 904.15	REPAIR/PARTS CAMERA
36245	1/18/2018	JOHN BORBOA	\$ 1,666.66	FIRE OTHER SERVICES
36246	1/18/2018	CALIF WATER ENVIRONMENT A	\$ 270.00	CERTIFICATION/MEMBERSHIP
36247	1/18/2018	CHEMSEARCH	\$ 717.45	ND-66,50 LB NAC NC
36248	1/18/2018	DEPT. OF TRANSPORTATION	\$ 699.67	SIGNALS & LIGHTING OCT2017

CITY OF FIREBAUGH ACCOUNTS PAYABLE
WARRANTS JANUARY 1, 2018 - JANUARY 31, 2018

<u>Check</u>	<u>Check</u>		<u>Net</u>	
<u>Number</u>	<u>Date</u>	<u>Name</u>	<u>Amount</u>	<u>Description</u>
36249	1/18/2018	FIRST BANKCARD	\$ 324.75	FD-LOWES REPLACEMENT DRYER
			\$ 23.98	FD-AMAZON OTTERBOX DEFEND
			\$ 3.76	PD-INTEREST CHARGED
			\$ 5.99	PD-RED CARPET CAR WASH
			\$ 650.00	BEN-LEAGUE OF CITIES REGISTER
			\$ 299.73	BEN-RITA HUTCH FOR DESK
			\$ 38.81	BEN-DICKS SPORTING GOOD PARK
			\$ 155.93	BEN-CROMER EQUIPMENT FORK
			\$ 16.67	SETTEMENTONE SCREENING
			\$ 1,056.00	PIO-XMAS PARADE DISNEYLAND
Check Total:			\$ 2,575.62	
36250	1/18/2018	GALLS, LLC	\$ 937.66	PD-ARMOR VEST
36251	1/18/2018	BENJAMIN GALLEGOS	\$ 149.00	LEAGUE OF CITIES MEAL PERDIEM
36252	1/18/2018	G&K SERVICES, INC.	\$ 20.54	CITY HALL
			\$ 91.65	CITY SHOP
			\$ 20.23	COMMUNITY CENTER
			\$ 12.97	WASTEWATER FACILITY
			\$ 20.54	CITY HALL
			\$ 91.65	CITY SHOP
			\$ 20.23	COMMUNITY CENTER
			\$ 12.97	WASTEWATER FACILITY
			\$ 20.54	CITY HALL
			\$ 91.65	CITY SHOP
			\$ 20.23	COMMUNITY CENTER
			\$ 12.97	WASTE WATER FACILITY
			\$ 20.54	CITY HALL
			\$ 91.65	CITY SHOP
			\$ 20.23	COMMUNITY CENTER
			\$ 12.97	WASTEWATER FACILITY
			\$ 20.54	CITY HALL
			\$ 92.93	CITY SHOP
			\$ 20.23	COMUNITY CENTER
			\$ 12.97	WASTEWATER FACILITY
Check Total:			\$ 728.23	
36253	1/18/2018	GUTIERREZ/ASSOCIATES ARCH	\$ 5,000.00	ARCHITECTURAL SERVICES
36254	1/18/2018	LOZANO SMITH, LLP	\$ 128.00	LEGAL SERVICES RENDERED
36255	1/18/2018	PACIFIC GAS & ELECTRIC	\$ 74,196.28	ALL DEPTS #7355932148-1

**CITY OF FIREBAUGH ACCOUNTS PAYABLE
WARRANTS JANUARY 1, 2018 - JANUARY 31, 2018**

<u>Check</u> <u>Number</u>	<u>Check</u> <u>Date</u>	<u>Name</u>	<u>Net</u> <u>Amount</u>	<u>Description</u>
36256	1/18/2018	QUILL CORPORATION	\$ 12.94	OFFICE DISINFECTANT SPRAY
			\$ 74.84	RITA-OFFICE SUPPLIES
			\$ 399.87	OFFICE CLEANING SUPPLIES
			\$ 21.15	RITA-POST IT FLAGS
			\$ 32.36	RITA-9 LED LIGHTS
			\$ 22.66	XMAS PARADE THANK YOU CARD
Check Total:			\$ 563.82	
36257	1/18/2018	SHAPE, INC.	\$ 23,193.03	SEWER-EQUIPMENT
36258	1/18/2018	SPARKLETTTS	\$ 90.54	POLICE DEPARTMENT
36259	1/18/2018	STAPLES BUSINESS ADVANTAG	\$ 102.75	PD-OFFICE SUPPLIES
			\$ 16.78	POLICE DEPT-MARKER CADDY
Check Total:			\$ 119.53	
36260	1/18/2018	TORO PETROLEUM CORP.	\$ 607.98	MOBIL SPECIAL 10W30-55
36261	1/18/2018	VALLEY NETWORK SOLUTIONS	\$ 1,046.47	APC SMART UPS 1500/MANAGE
			\$ 315.00	UNMOUNTED APC FROM RACK
Check Total:			\$ 1,361.47	
36262	1/18/2018	WESTERN LIGHTSOURCE	\$ 3,383.07	SUN VALLEY/REPLACE POLE A
36263	1/25/2018	ALERT-O-LITE, INC.	\$ 688.86	ASPHALT PATCH/VEST ORANGE
36264	1/25/2018	CED-FRESNO	\$ 181.40	STREET LIGHT-LAMP
36265	1/25/2018	CORBIN WILLITS SYSTEMS	\$ 1,020.18	ADMINISTRATION C/W SERVICE
36266	1/25/2018	DISH	\$ 5.43	SENIOR CENTER CABLE PAUSE
36267	1/25/2018	FRESNO-MADERA AREA AGENCY	\$ 14.08	11/17 NON USDA QUALIFIED
			\$ 49.28	12/17 NON USDA QUALIFIED
Check Total:			\$ 63.36	
36268	1/25/2018	HUB INTERNATIONAL	\$ 128.04	SPECIAL EVENT INSURANCE
36269	1/25/2018	LEAGUE OF CALIF. CITIES	\$ 4,841.00	MEMBERSHIP DUES
36270	1/25/2018	PRECISION CONCRETE CUTTIN	\$ 1,000.77	SIDEWALK OFFSET REPAIR
36271	1/25/2018	TECH MASTER MANAGEMENT	\$ 150.00	PEST CONTROL

CITY OF FIREBAUGH ACCOUNTS PAYABLE
WARRANTS JANUARY 1, 2018 - JANUARY 31, 2018

<u>Check</u> <u>Number</u>	<u>Check</u> <u>Date</u>	<u>Name</u>	<u>Net</u> <u>Amount</u>	<u>Description</u>
36272	1/25/2018	HILDA VALADEZ	\$ 150.00	A/F HALL CLEANING DEPOSIT
36273	1/30/2018	CITY OF FIREBAUGH	\$ 87,775.28	UNITED SEC BANK-PAYROLL A

FIREBAUGH CITY COUNCIL

STAFF REPORT

Date: February 21, 2018
To: Firebaugh City Council
From: Karl Schoettler, Planning Consultant
Subject: Regional Commercial area analysis

A developer (Tommy Phelen) has approached the City with a plan to develop apartments on several parcels along the east side of Highway 33 around the Lyon Avenue alignment (see Map 1).

Staff has some concerns, because the General Plan has designated this area for a future large-scale commercial shopping center – about 25 acres. In fact this is the only realistic location that Firebaugh has inside city limits that could accommodate a larger-scale commercial development.

Following adoption of the General Plan in 2010, this area was rezoned for commercial development (see attached zone map).

If the parcels were developed with apartments this could eliminate the City's opportunity to establish a larger shopping center.

Key aspects of the area are:

- 9 parcels (containing about 25 acres) are designated for commercial development;
- The parcels are mostly undeveloped – making it easier to assemble and develop with new uses;
- The approved El Sendero Ranch subdivision is immediately to the east (see map). When built, this project would have nearly 600 homes within walking distance.
- There will be a future collector roadway through the site, that connects Highway 33 east through El Sendero Ranch to Clyde Fannon Road. This would make it easier for all residents of north Firebaugh to get to this site, including by walking and bicycling. This roadway is designated by the General Plan and included in the El Sendero Ranch subdivision design.

Staff is not necessarily opposed to the idea of apartments being built in this area, but wanted to highlight the issue and get feedback from the City Council before allowing anything to move forward.

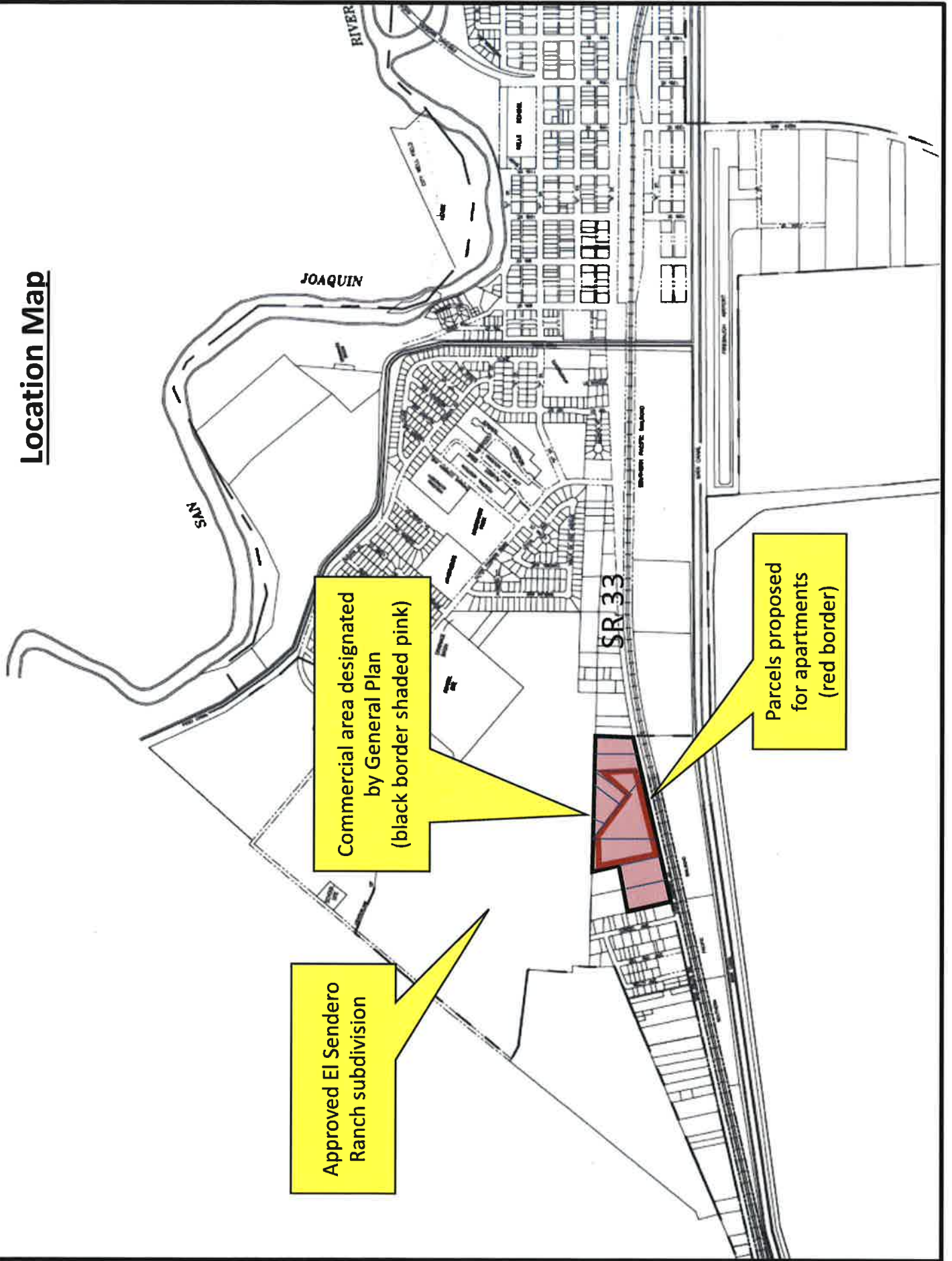
It's possible that some apartments could be built while at the same time reserving some of the site for commercial development. In this case a master site plan should be prepared that shows a layout that includes both apartments and commercial development.

Again, staff would like some feedback from Council, in order to provide direction to staff and the developer. Several maps are attached that explain the issues.

Attachments

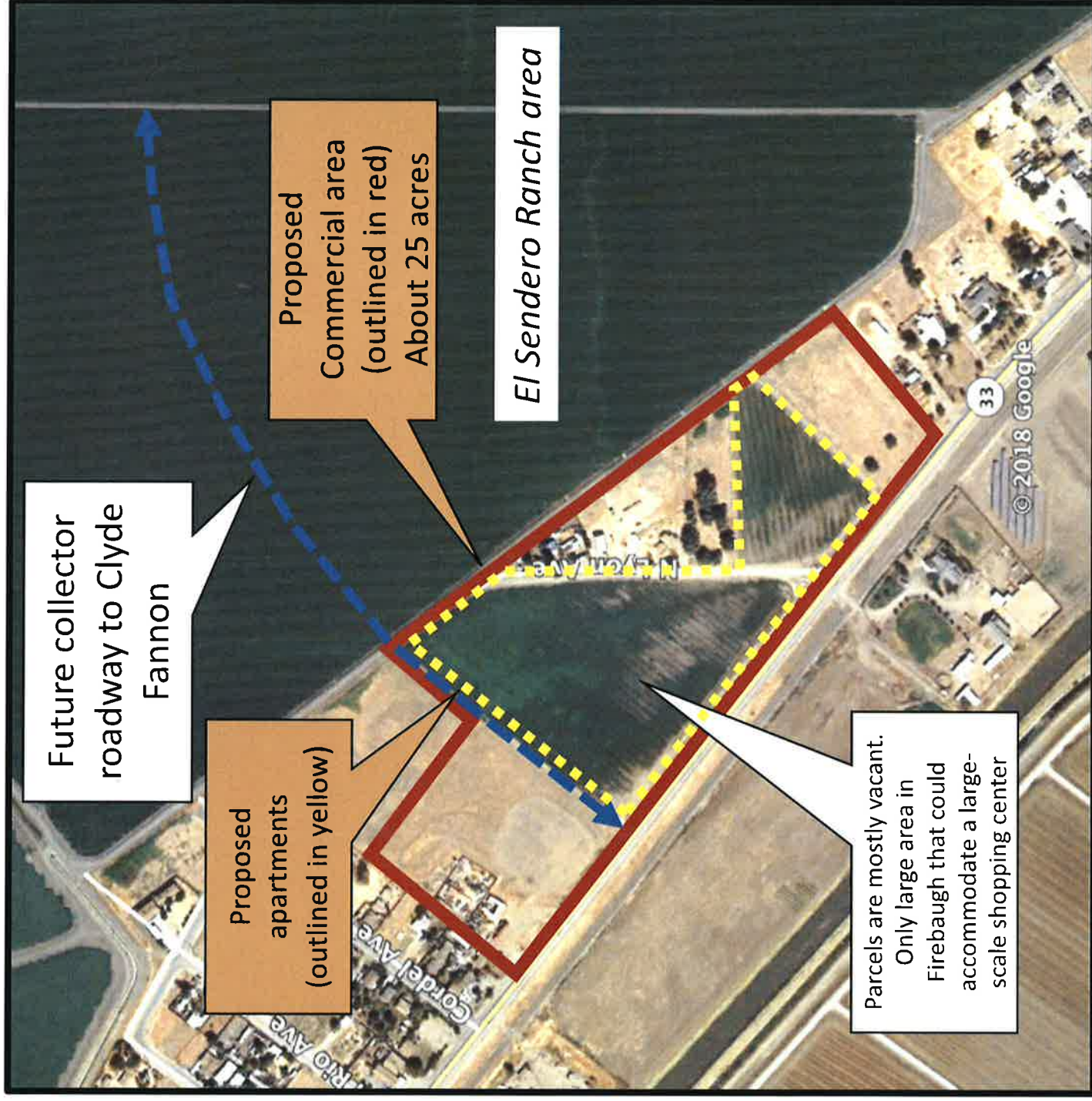
- Project Location Map
- Aerial photo map
- El Sendero Ranch subdivision superimposed on city map

Location Map

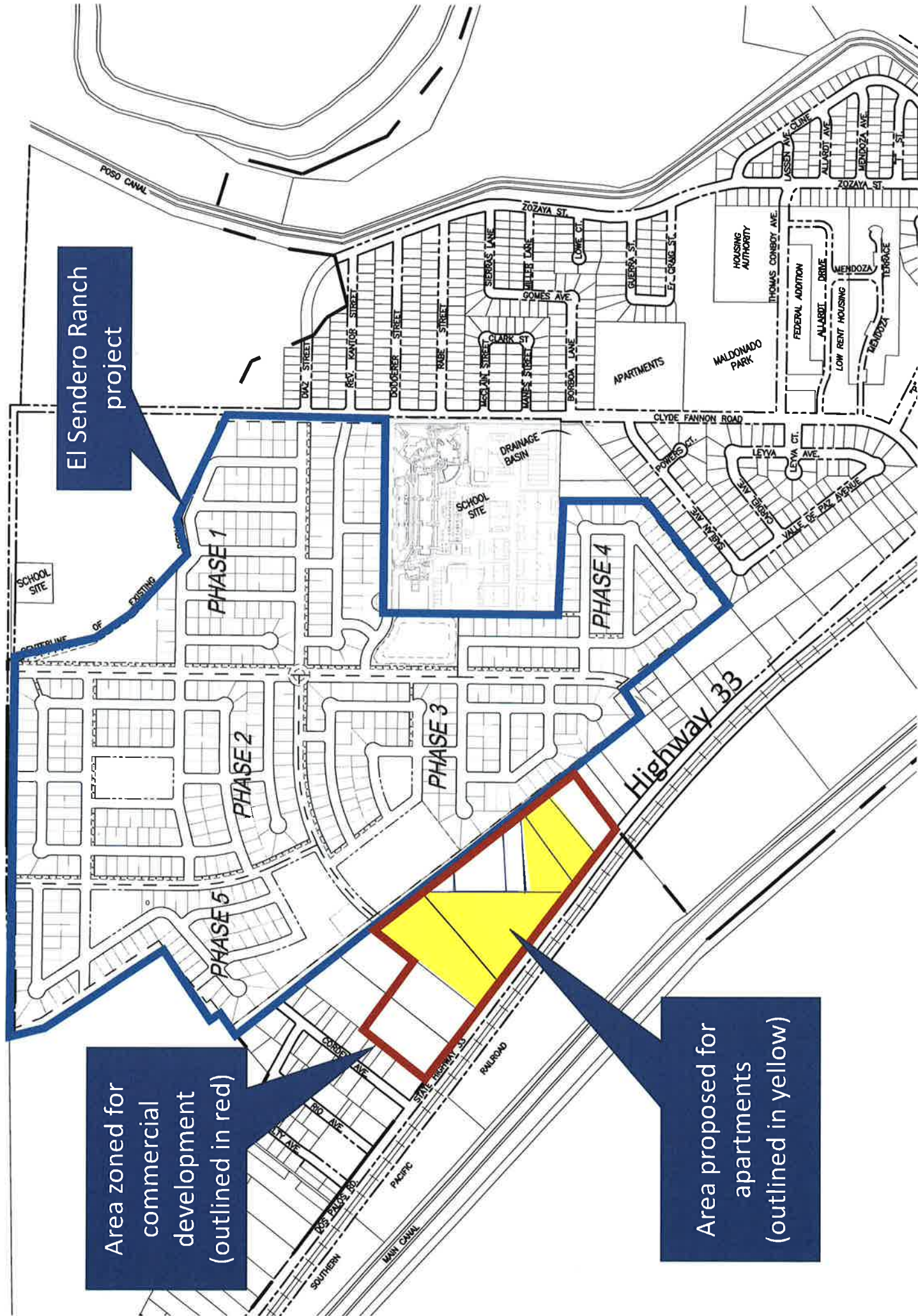


Del Rio Commercial area

- Designated in the 2030 Firebaugh General Plan as a good location for future large-scale commercial development. Virtually the only place available for Firebaugh to have this.
- About 25 acres
- Parcels are all zoned C-1 (Neighborhood Commercial)
- Parcels are mostly undeveloped
- Future collector roadway connects this site (and Highway 33) through El Sendero Ranch to Clyde Fannon Road
- Nearly 600 homes will be developed adjacent to the site in El Sendero Ranch. Residents could walk to this site for shopping.



Map with El Sendero Ranch project shown



RESOLUTION NO. 18-12

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FIREBAUGH AUTHORIZING
THE CITY MANAGER TO EXECUTE A PROGRAM DEVELOPMENT AGREEMENT
WITH ENGIE SERVICES U.S., INC.**

WHEREAS, the City of Firebaugh, has received a Program Development Agreement with ENGIE Services U.S., Inc. for energy assessment recommendations and related administrative services, which is attached and incorporated herein by this reference; and

WHEREAS, the City Council does hereby accept and agrees with the terms and conditions set forth in the Agreement; and

WHEREAS, the City Council wishes to appoint the City Manager as the designated City representative to execute and administer said Agreement.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Firebaugh that it does hereby authorize the City Manager, Benjamin Gallegos, to execute and administer said Agreement.

The foregoing Resolution was approved and adopted at special meeting of the City Council of the City of Firebaugh held on the 21st day of February, 2018, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVED:

ATTEST:

Felipe Perez, Mayor

Rita Lozano, Deputy City Clerk

I hereby certify that the foregoing is a full, correct and true copy of a resolution passed by the City Council of the City of Firebaugh, a Municipal Corporation of the County of Fresno, State of California, at a special meeting held on the 21st day of February, 2018, and I further certify that said resolution is in full force and effect and has never been rescinded or modified.

DATED: _____

Rita Lozano, Deputy City Clerk of the City of Firebaugh



PROGRAM DEVELOPMENT AGREEMENT

This PROGRAM DEVELOPMENT AGREEMENT (this "Agreement") is made and entered into as of this 23rd day of January 2018, between ENGIE Services U.S. Inc., formerly known as OpTerra Energy Services, Inc. ("ENGIE Services U.S."), having its principal offices at 500 Twelfth Street, Suite 300, Oakland, CA 94607, and the City of Firebaugh, with offices located at 1133 P Street, Firebaugh, CA 93622 ("Firebaugh") and together with ENGIE Services U.S. the "Parties" and each of Firebaugh and ENGIE Services U.S. a "Party").

WHEREAS, ENGIE Services U.S. is an energy services and solutions company with the technical and management capabilities and experience to perform an integrated energy assessment (an "Assessment") and to identify supply-side and/or demand-side energy conservation measures ("ECMs");

WHEREAS, Firebaugh desires to enter into an agreement to have ENGIE Services U.S. perform an Assessment in accordance with the scope of work set forth in Attachment A (the "Scope of Work") for the sites listed on Part I of Attachment B (the "Sites"), and to deliver recommendations, described in the Scope of Work, identifying energy improvements and operational changes to be installed or implemented at the Sites (the "Recommendations"); and

WHEREAS, the primary purpose of the Assessment and the Recommendations is to provide an engineering and economic basis for the implementation of the ECMs identified in the Recommendations, in furtherance of which the Parties intend to negotiate and execute a contract providing for, among other things, engineering, procurement, installation, construction and training services (an "Energy Services Contract");

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. ASSESSMENT AND RECOMMENDATIONS

ENGIE Services U.S. agrees to complete the Assessment and to present Recommendations to Firebaugh within ninety (90) calendar days after the date on which ENGIE Services U.S. receives the information listed in Part I of Attachment A (the "Required Information"). Firebaugh agrees to deliver the Required Information to ENGIE Services U.S. no later than thirty (30) calendar days after the date hereof.

Firebaugh agrees to assist ENGIE Services U.S. in performing the Assessment by (i) providing ENGIE Services U.S. with access to key decision makers and stakeholders of the City of Firebaugh, (ii) providing ENGIE Services U.S. its employees and agents, such access to the Sites and other relevant facilities of Firebaugh as ENGIE Services U.S. deems necessary and (iii) providing, or causing Firebaugh's energy suppliers to provide, complete and accurate data concerning energy usage and costs related to the Sites and other relevant facilities. ENGIE Services U.S. will be entitled to rely upon the accuracy and completeness of all information provided to ENGIE Services U.S. by Firebaugh and Firebaugh's energy suppliers. ENGIE Services U.S. will promptly provide written notice to Firebaugh if ENGIE Services U.S. determines there is any incorrect data included in the information provided by Firebaugh or Firebaugh's energy suppliers, but ENGIE Services U.S. will have no obligation to correct or confirm any such information unless otherwise specified in the Scope of Work. Any change(s) in the Scope of Work will be set forth in a writing executed by the Parties.

2. COMPENSATION TO ENGIE SERVICES U.S.

Firebaugh will compensate ENGIE Services U.S. for the Assessment and the Recommendations by payment to ENGIE Services U.S. of a fee (the "Assessment Fee") in the amount of Thirty-Five Thousand Dollars (\$35,000).

The Assessment Fee will be due and payable thirty (30) calendar days after ENGIE Services U.S.'s submission of the Recommendations; *provided that* if on such thirtieth (30th) calendar day ENGIE Services U.S. and Firebaugh are negotiating an Energy Services Contract in good faith, the Assessment Fee will be due ninety (90) calendar days after ENGIE Services U.S.'s submission of the Recommendations; *provided further*, that if ENGIE Services U.S. and Firebaugh execute an Energy Services Contract within ninety (90) calendar days after ENGIE Services U.S.' submission of the Recommendations, the Assessment Fee, and other fees, costs, expenses, disbursements and overhead of ENGIE Services U.S. incurred during the Assessment, will be incorporated into the total contract amount payable under such Energy Services Contract.

Each of Firebaugh and ENGIE Services U.S. reserves the right to terminate this Agreement at any time during the course of the Assessment, by delivery of written notice to the other. If this Agreement is terminated by Firebaugh, the Assessment Fee will be payable by Firebaugh to ENGIE Services U.S. within thirty (30) calendar days of termination. If this Agreement is terminated by ENGIE Services U.S., Firebaugh will have no obligation to pay any portion of the Assessment Fee to ENGIE Services U.S. If ENGIE Services U.S. determines that the projected savings from implementation of the ECMs identified during the Assessment cannot result in a paid-from-savings project which complies with California Government Code Sections 4217.10 through 4217.18, the Assessment and this Agreement will be terminated by ENGIE Services U.S.

Any amount not paid when due will, from and after the due date, bear interest at a fluctuating rate equal to the sum of (a) The United States Prime Rate as listed from time to time in the Eastern print edition of the Wall Street Journal® plus (b) 2% per annum. Accrued and unpaid interest on past due amounts (including interest on past due interest) will be due and payable upon demand.

3. INSURANCE

ENGIE Services U.S. will maintain, or cause to be maintained, for the duration of this Agreement, the insurance coverage outlined in (A) through (F) below, and all such other insurance as required by applicable law. Evidence of coverage will be provided to Firebaugh via an insurance certificate.

A. Workers' Compensation/Employers Liability for states in which ENGIE Services U.S. is not a qualified self-insured. Limits as follows:

- * Workers' Compensation: Statutory
- * Employers Liability: Bodily Injury by accident \$1,000,000 each accident
Bodily Injury by disease \$1,000,000 each employee
Bodily Injury by disease \$1,000,000 policy limit

B. Commercial General Liability insurance with limits of:

- * \$2,000,000 each occurrence for Bodily Injury and Property Damage
- * \$4,000,000 General Aggregate - other than Products/Completed Operations
- * \$4,000,000 Products/Completed Operations Aggregate
- * \$2,000,000 Personal & Advertising Injury
- * \$100,000 Damage to premises rented to ENGIE Services U.S.

Coverage to be written on an occurrence form. Coverage to be at least as broad as ISO form CG 0001 (04/13) or its equivalent forms, without endorsements that limit the policy terms with respect to:
(1) provisions for severability of interest or (2) explosion, collapse, underground hazard.

C. Auto Liability insurance for owned, hired and non-owned vehicles with limits of \$1,000,000 per accident. Coverage to be written on an occurrence form.

D. Professional Liability insurance with limits of:

- * \$1,000,000 per occurrence
- * \$1,000,000 aggregate

Coverage to be written on a claims-made form.

E. Umbrella/Excess Liability Insurance. Limits as follows:

- * \$1,000,000 each occurrence
- * \$1,000,000 aggregate

Coverage terms and limits to apply excess of the per occurrence and/or aggregate limits provided for Commercial General Liability and Professional Liability written on a claims made form. Coverage terms and limits also to apply in excess of those required for Employers Liability and Auto Liability written on an occurrence form.

F. Policy Endorsements.

- * The insurance provided for Workers Compensation and Employers Liability above will contain waivers of subrogation rights against Firebaugh, but only to the extent of the indemnity obligations contained in this Agreement.
- * The insurance provided for Commercial General Liability and Auto Liability above will:

- (1) include Firebaugh as an additional insured with respect to Work performed under this Agreement, but only to the extent of the indemnity obligations contained in this Agreement, and
- (2) provide that the insurance is primary coverage with respect to all insureds, but only to the extent of the indemnity obligations contained in this Agreement.

4. INDEPENDENT CONTRACTOR

ENGIE Services U.S., and the agents and employees of ENGIE Services U.S., its subcontractors and/or consultants, are acting in an independent capacity in the performance of this Agreement, and not as public officials, officers, employees, consultants, or agents of the City of Firebaugh for purposes of conflict of interest laws or any other applicable law. This Agreement may not be construed to represent the creation of an employer/employee or principal/agent relationship. ENGIE Services U.S. will act in an independent capacity and retain sole discretion in the manner and means of carrying out its activities under this Agreement. ENGIE Services U.S. is free to work for other entities while under contract with Firebaugh.

5. ENERGY SERVICES CONTRACT

As it is the intent of Firebaugh and ENGIE Services U.S. to pursue cost effective energy retrofits and ECMs at the Sites pursuant to an Energy Services Contract, both Parties agree to enter into good faith negotiations of an Energy Services Contract immediately following completion of the Assessment.

6. WORK PRODUCT

Firebaugh will not, by virtue of this Agreement, acquire any interest in any formulas, patterns, devices, secret inventions or processes, copyrights, patents, other intellectual or proprietary rights, or similar items of property which are or may be used in connection with the Assessment or the Recommendations. The Recommendations, and all data, proposals, plans, specifications, flow sheets, drawings, and other work product prepared or produced by ENGIE Services U.S. hereunder ("**Work Product**") and furnished directly or indirectly, in writing or otherwise, to Firebaugh under this Agreement will remain ENGIE Services U.S.'s property and will be used only in connection with work performed by ENGIE Services U.S. ENGIE Services U.S. will be deemed the author and owner of such Work Product and will retain all common law, statutory and other reserved rights, including copyrights. The Work Product may not be used by Firebaugh as a basis for facility construction or implementation of ECMs developed herein by any entity other than ENGIE Services U.S., without the prior written agreement of ENGIE Services U.S. Any unauthorized use of the Work Product will be at Firebaugh's sole risk and without liability to ENGIE Services U.S., and Firebaugh agrees to defend, indemnify and hold harmless, ENGIE Services U.S., its subcontractors, and their directors, employees, subcontractors, and agents from any and all actions, claims, demands, damages, disabilities, fines, penalties, losses, costs, expenses (including consultants' and attorneys' fees and other defense expenses) and liabilities of any nature (collectively, "**Losses**") associated with or resulting from such use.

7. LIMITATION OF LIABILITY

The liability of a defaulting Party, in connection with this Agreement or any analysis, report, recommendations, or other deliverables provided hereunder, will be limited to direct, actual damages. Neither Party shall be liable to the other Party for any special, indirect, incidental or consequential damages whatsoever, whether in contract, tort (including negligence) or strict liability, including, but not limited to, operational losses in the performance of business such as lost profits or revenues or any increase in operating expense. Additionally, each Party waives any claims for negligence against the other Party to the greatest extent permitted by law. In no event will ENGIE Services U.S. be liable to Firebaugh for any Losses which collectively exceed the amount of the Assessment Fee, regardless of whether such amounts arise out of breach of contract, guarantee or warranty, tort, product liability, contribution, strict liability or any other legal theory.

8. NONDISCRIMINATION; COMPLIANCE WITH LAWS

ENGIE Services U.S. will comply with all applicable laws, rules, regulations and policies, including, but not limited to, those relating to nondiscrimination, accessibility and civil rights.

The Parties acknowledge and agree that ENGIE Services U.S. is not a municipal advisor and cannot give advice to Firebaugh with respect to municipal securities or municipal financial products absent Firebaugh being represented by, and relying upon the advice of, an independent registered municipal advisor. ENGIE Services U.S. is not subject to a fiduciary duty with regard to Firebaugh or the provision of information to Firebaugh. Firebaugh will consult with an independent registered municipal advisor about the financing option(s) appropriate for Firebaugh's situation.

ENGIE Services U.S. cannot guarantee that Firebaugh will receive funding from any energy efficiency rebate, incentive, and/or loan program(s) (collectively, "Incentive Funds"); ENGIE Services U.S. expressly disclaims any liability for Firebaugh's failure to receive any portion of the Incentive Funds, and Firebaugh acknowledges and agrees that ENGIE Services U.S. will have no liability for any failure to receive all or any portion of the Incentive Funds.

9. FORCE MAJEURE

Neither Party will be considered to be in default in the performance of any material obligation under this Agreement (other than the obligation to make payments) when a failure of performance will be due to an event of Force Majeure. The term "Force Majeure" will mean any cause beyond the control of the affected Party and which by the exercise of due diligence such Party could not reasonably have been expected to avoid and which, despite using commercially reasonable efforts, it has been unable to overcome. Neither Party will be relieved of its obligation to perform if such failure is due to causes arising out of its own negligence or due to removable or remediable causes which it fails to remove or remedy within a reasonable time period. Either Party rendered unable to fulfill any of its obligations under this Agreement by reason of an event of Force Majeure will give prompt written notice of such fact to the other Party.

10. INTEGRATION; AMENDMENT; COUNTERPARTS

This Agreement constitutes the entire contract among the Parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement may not be amended except by a writing executed by both Parties. No oral amendment shall be enforceable, even if supported by new consideration. Except as otherwise provided herein, the terms and provisions of this Agreement will apply to, be binding upon, and inure to the benefit of the Parties hereto and their respective heirs, legal representatives, successors, and permitted assigns.

This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by email shall be effective as delivery of a manually executed counterpart of this Agreement.

11. DISPUTE RESOLUTION; APPLICABLE LAW; VENUE; SEVERABILITY

If a dispute arises out of or relates to this Agreement, or the transaction contemplated by this Agreement (a "Dispute"), either Party may initiate the dispute resolution process set forth in this Section 11 by giving notice to the other Party. Senior executives for the Parties will meet, within thirty (30) calendar days after notice of the Dispute, in an attempt to resolve the Dispute and any other identified disputes or any unresolved issues that may lead to a dispute. If the senior executives are unable to resolve a Dispute or if a senior management conference is not held within the time provided herein, either Party may submit the Dispute to mediation.

If the Dispute is not settled by senior management conference, the Parties will endeavor to settle the Dispute by mediation under the Commercial Mediation Procedures of the American Arbitration Association ("AAA"). Mediation is a condition precedent to arbitration or the institution of legal or equitable proceedings by either Party. Once one Party files a request for mediation with the other Party and with the American Arbitration Association, the Parties agree to conclude the mediation within sixty (60) calendar days after filing the request. Either Party may terminate the mediation at any time after the first session, but the decision to terminate must be delivered in person by the Party's representative to the other Party's representative and the mediator.

If the Dispute is not resolved by mediation within sixty (60) calendar days after the date of filing of the request for mediation, then the exclusive means to resolve the Dispute is final and binding arbitration. Either Party may initiate arbitration proceedings by notice to the other Party and the American Arbitration Association. The following provisions apply to all arbitration proceedings pursuant to this Article: (i) The place of arbitration will be the American Arbitration Association office closest to where the Assessment was performed; (ii) one arbitrator will conduct the arbitral proceedings in accordance with the Commercial Arbitration Rules and Mediation Procedures (excluding the Procedures for Large, Complex Commercial Disputes) of the American Arbitration Association currently in effect ("Arbitration Rules") (to the extent of any conflicts between the Arbitration Rules and the provisions of this Agreement, the provisions of this Agreement prevail); (iii) the Parties will submit true copies of all documents considered relevant with their respective statement of claim or defense, and any counterclaim or reply (in the discretion of the arbitrator, the production of additional documents that are relevant and material to the determination of the Dispute may be required); (iv) the arbitrator does not have the power to award, and may not award, any punitive, indirect or consequential damages (however denominated); all arbitration fees and costs are to be shared equally by the parties,

regardless of which Party prevails, and each Party will pay its own costs of legal representation and witness expenses; (v) the award must be in the form of a reasoned award; (vi) the Dispute will be resolved as quickly as possible, and the arbitrator will endeavor to issue the arbitration award within six (6) months after the date on which the arbitration proceedings were commenced; and (vii) the award will be final and binding and subject to confirmation and enforcement proceedings in any court of competent jurisdiction.

If any term of this Agreement is declared by a court to be illegal, invalid or unenforceable, the legality, validity and enforceability of the other terms of this Agreement will not be affected or impaired thereby, and the rights and obligations of the Parties will be enforced as if the illegal, invalid or unenforceable term were revised to the minimum extent necessary to make such term legal, valid and enforceable.

[the Parties' signatures appear on the following page]

IN WITNESS WHEREOF, and intending to be legally bound, the Parties hereto subscribe their names to this Agreement.

ENGIE SERVICES U.S.:

FIREBAUGH:

ENGIE Services U.S. Inc.

City of Firebaugh

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

DRAFT

ATTACHMENT A

SCOPE OF WORK

I. Required Documents (Needed to Proceed)

- A. Firebaugh will provide the following detailed documentation:
1. Most recent three (3) years of audited financial statements.
 2. Actual utility company invoices for all utilities serving the Sites, for a minimum of two (2) years, and preferably three (3) years, immediately prior to the date hereof, with, beginning with the most recently completed month.
 3. Utility company demand interval recordings of 15/30-minute electrical demand for characteristic months of the year, where available.
 4. Record drawings (AutoCAD or hard copy) for the Sites:
 - a. electrical
 - b. mechanical
 - c. structural
 - d. modifications and remodels
 - e. site landscaping
 5. AutoCAD or hard copy of 8 ½" x 11" or 11" x 17" floor and roof plans of all Sites, as well as information on the age, type and condition of buildings and roofs.
 6. A list of key contacts at each Site, including Firebaugh personnel knowledgeable of the electrical, HVAC, lighting and controls systems.

II. Scope of Work

The Integrated Energy Assessment (the "Assessment") will be performed as described below:

- A. Perform detailed review of documents delivered above.
- B. Perform site surveys to identify potential ECMs and distributed/renewable generation technologies including proposed locations and potential improvements to the working environment. Survey consists of:
1. Site walk to observe and capture data on energy using equipment including data regarding nameplate, condition, and operating parameters.
 2. Shading analysis
 3. Data logging if necessary
- C. Perform Utility Analysis and Solar Photovoltaic Production Analysis:
1. Identify current rate schedule and analyze electrical usage and model load profile for each site
 2. Determine expected solar photovoltaic production curve for proposed sites
 3. Overlay electrical load profile with expected solar photovoltaic production curve to "right size" the solar systems and identify rate restructuring opportunities
- D. Prepare a post-inspection status update to present preliminary findings.
1. Calculate energy use and cost for all viable ECMs: Calculation methodology will be determined by ENGIE Services U.S., and may include spreadsheet analysis or other accepted tools following the methodology of ASHRAE or other nationally recognized authority and shall be based on sound engineering principles
 2. Operational and maintenance savings, if any, will be identified as a separate line item.
 3. Prepare a proposed "Project Cost" and a list of "Services to Be Provided," in anticipation of ENGIE Services U.S. and Firebaugh entering into an Energy Services Contract to design, construct, install, and monitor the proposed ECMs. The proposed Project Cost is conditioned on prompt execution of the Energy Services Contract and the condition that hazardous substance or abnormal subsurface/soil condition issues are not present.
 4. Provide the financial analysis and the Energy Services Contract to Firebaugh.

5. Meet with Firebaugh to review the options proposed and assemble a package of options which is compatible with Firebaugh's investment and infrastructure improvement goals and review the project cost and list of services to determine next steps.

III. Technologies to be Considered:

- A. The technologies listed below will be considered during the performance of assessments:
 1. LED lighting and control upgrades
 2. HVAC upgrades/replacements/addition
 3. VFD upgrades
 4. Solar photovoltaic projects
 5. Water meter installations
 6. Construction of new building

ATTACHMENT B**FIREBAUGH SITE INVENTORY****PART I: SITES INCLUDED IN ASSESSMENT**

Building Name	Address (All sites in Firebaugh, CA 93622)	Square Feet
City Sites with Targeted ECMs		
Sewer Plant	SW SW SW 34 12 14	NA
Water Site #2	LEVEE & VASQUEZ DR WATER	NA
Water Site #1 - Water Booster Pump	1/2 MI N/O ROAD 7-1/2, ES SAN JOAQUIN RIVER	NA
Booster Pump	NW NW 33-12-14	NA
75HP	NW NW 28-12-14	NA
Well Site #16	1/2 MI N/O AVE 7, E/O SAN JOAQUIN RIVER	NA
Well #11 - 60HP PUMP PARK	ES CITY PARK AT 16TH	NA
Main Lift Station	SE SE 20 12 14	NA
Well Site #15	1/2 MI N/O AVE 7, E/O SAN JOAQUIN RIVER	NA
Well #17	NE SW SE 28 12 14	NA
Fire Department (City Hall)	1575 11th Street	9,220
Water Pump	SW SW 34-12-14	NA
City Hall	1133 P Street	3,450
Head Start	1777 Thomas Conboy Avenue	1,740
Learning Center	1668 11th Street	2,240
Senior Center	1601 Thomas Conboy Avenue	2,467
Public Works	1666 11th Street	3,200
Rodeo Park Lighting	SW NW SEC 28-12-14	NA
Communication Tower	1666 11th Street	NA

PART II: SITES NOT INCLUDED IN ASSESSMENT

Sites not mentioned above