

CITY OF FIREBAUGH

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS JUNE 30, 2024

C O N T E N T S

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 – 3
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Balance Sheet – Governmental Funds	6
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	7
Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds	8
Reconciliation of Statement of Revenue, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	9
Statement of Net Position – Proprietary Funds	10
Statement of Revenue, Expense and Changes in Fund Net Position – Proprietary Funds	11
Statement of Cash Flow – Proprietary Funds	12
Statement of Fiduciary Net Position – Private Purpose Trust Fund	13
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Fund	14
Notes to Basic Financial Statements	15 – 44

C O N T E N T S (Continued)

	<u>Page</u>
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	45
Budgetary Comparison Schedule – Development Impact Fees Fund	46
Budgetary Comparison Schedule – Public Safety Fund	47
Schedule of Changes in City’s Net OPEB Liability and Related Ratios	48
Schedule of the City’s Proportionate Share of Net Pension Liability	49
Schedule of Contributions	50
Supplemental Only Information	
Combining Balance Sheet – Nonmajor Governmental Funds	51
Combining Statement of Revenue, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	52
Schedule of Net Revenue Available for Debt Service	53
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 <i>GOVERNMENTAL AUDITING STANDARDS</i>	54 – 55

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Firebaugh, California (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Firebaugh, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, Schedule of Changes in the City's Net OPEB Liability and Related Ratios, Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions on pages 45 – 47, page 48, page 49, page 50, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Firebaugh’s basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2025, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Firebaugh’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Firebaugh’s internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to be 'Renee J. [unclear]', written in a cursive style.

March 21, 2025

CITY OF FIREBAUGH

STATEMENT OF NET POSITION JUNE 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 12,170,008	\$ 6,861,246	\$ 19,031,254
Accounts receivable (net of allowance)	184,158	476,208	660,366
Due from other governments	1,142,818	69,519	1,212,337
Interest receivable	2,639	-	2,639
Notes and loans receivable	1,638,736	-	1,638,736
Internal balances	(815,007)	815,007	-
Capital assets, net of allowance for depreciation	19,517,483	17,074,070	36,591,553
Total assets	<u>33,840,835</u>	<u>25,296,050</u>	<u>59,136,885</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,557,963</u>	<u>823,397</u>	<u>3,381,360</u>
LIABILITIES			
Accounts payable	647,582	198,664	846,246
Accrued expenses	206,341	52,449	258,790
Accrued interest payable	4,097	98,077	102,174
Deposits	68,290	103,081	171,371
Compensated absences	34,908	-	34,908
Long-term liabilities:			
Bonds payable:			
Due within one year	46,384	460,236	506,621
Due in more than one year	374,157	9,946,984	10,321,140
Net other post employment benefits	1,734,161	558,186	2,292,347
Net pension liability	4,319,428	1,390,420	5,709,848
Total liabilities	<u>7,435,348</u>	<u>12,808,097</u>	<u>20,243,445</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,819,406</u>	<u>907,510</u>	<u>3,726,916</u>
NET POSITION			
Net investment in capital assets	19,096,942	6,918,186	26,015,128
Restricted for:			
Public ways and facilities	1,711,541	-	1,711,541
Public safety programs	512,399	-	512,399
Low-income housing activities	456,585	-	456,585
Capital projects and improvements	2,160,532	-	2,160,532
Unrestricted	2,206,045	5,485,654	7,691,699
Total net position	<u>\$ 26,144,044</u>	<u>\$ 12,403,840</u>	<u>\$ 38,547,884</u>

CITY OF FIREBAUGH

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2024

Functions/Programs	Expense	Program Revenue			Net Revenue/(Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 420,477	\$ 83,305	\$ 110,104	\$ -	\$ (227,068)	\$ -	\$ (227,068)
Public ways and facilities	1,611,992	984,077	1,357,534	222,960	952,579	-	952,579
Public protection	4,189,382	326,043	614,671	-	(3,248,668)	-	(3,248,668)
Culture and recreation	609,675	203,637	-	-	(406,038)	-	(406,038)
Community development	710,170	332,206	235,329	483,696	341,061	-	341,061
Debt service							
Interest and fiscal charges	30,770	-	-	-	(30,770)	-	(30,770)
Total governmental activities	<u>7,572,466</u>	<u>1,929,268</u>	<u>2,317,638</u>	<u>706,656</u>	<u>(2,618,904)</u>	<u>-</u>	<u>(2,618,904)</u>
Business-type activities							
Sewer	1,611,033	1,940,140	-	-	-	329,107	329,107
Water	<u>2,337,729</u>	<u>2,102,907</u>	<u>-</u>	<u>52,000</u>	<u>-</u>	<u>(182,822)</u>	<u>(182,822)</u>
Total business-type activities	<u>3,948,762</u>	<u>4,043,047</u>	<u>-</u>	<u>52,000</u>	<u>-</u>	<u>146,285</u>	<u>146,285</u>
Total primary government	<u>\$ 11,521,228</u>	<u>\$ 5,972,315</u>	<u>\$ 2,317,638</u>	<u>\$ 758,656</u>	<u>(2,618,904)</u>	<u>146,285</u>	<u>(2,472,619)</u>
General Revenue							
Property taxes					575,319	-	575,319
Sales and use taxes					3,029,945	-	3,029,945
Franchise taxes					189,568	-	189,568
Grants and contributions - unrestricted					136	-	136
Interest and investment earnings					80,629	67,471	148,100
Miscellaneous					179,334	40,620	219,954
Gain on sale of assets					101	-	101
Total general revenue					<u>4,055,032</u>	<u>108,091</u>	<u>4,163,123</u>
Change in Net Position					1,436,128	254,376	1,690,504
Net Position							
Beginning of year					24,707,916	12,149,464	36,857,380
End of year					<u>\$ 26,144,044</u>	<u>\$ 12,403,840</u>	<u>\$ 38,547,884</u>

See accompanying notes.

CITY OF FIREBAUGH

BALANCE SHEET – GOVERNMENTAL FUNDS JUNE 30, 2024

	Special Revenue Funds						Total Governmental Funds
	General	Community Development	Housing	Development Impact Fees	Public Safety	Non-Major Governmental Funds	
ASSETS							
Cash and investments	\$ 7,372,879	\$ -	\$ 452,815	\$ 2,078,264	\$ 134,297	\$ 2,131,753	\$ 12,170,008
Accounts receivable	88,395	-	-	-	-	95,763	184,158
Due from other governments	384,994	479,424	27,557	-	172,021	78,822	1,142,818
Due from other funds	222,642	-	-	-	-	-	222,642
Interest receivable	-	-	2,639	-	-	-	2,639
Notes and loans receivable	-	-	1,638,736	-	-	-	1,638,736
Total assets	<u>\$ 8,068,910</u>	<u>\$ 479,424</u>	<u>\$ 2,121,747</u>	<u>\$ 2,078,264</u>	<u>\$ 306,318</u>	<u>\$ 2,306,338</u>	<u>\$ 15,361,001</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Liabilities							
Accounts payable and accrued expense	\$ 85,064	\$ 170,311	\$ 26,426	\$ 1,802	\$ -	\$ 363,979	\$ 647,582
Accrued salaries and benefits	175,781	-	-	-	8,399	22,161	206,341
Interest payable	4,097	-	-	-	-	-	4,097
Due to other funds	-	195,432	-	-	-	27,210	222,642
Advances from other funds	815,007	-	-	-	-	-	815,007
Deposits	68,290	-	-	-	-	-	68,290
Total liabilities	<u>1,148,239</u>	<u>365,743</u>	<u>26,426</u>	<u>1,802</u>	<u>8,399</u>	<u>413,350</u>	<u>1,963,959</u>
Deferred inflows of resources							
Unavailable revenues	-	29,611	1,638,736	-	-	-	1,668,347
Total deferred inflows of resources	<u>-</u>	<u>29,611</u>	<u>1,638,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,668,347</u>
Fund Balance							
Restricted							
Public ways and facilities	-	-	-	-	-	1,711,541	1,711,541
Public safety programs	-	-	-	-	297,919	214,480	512,399
Low-income housing activities	-	-	456,585	-	-	-	456,585
Capital projects and improvements	-	84,070	-	2,076,462	-	-	2,160,532
Unassigned	6,920,671	-	-	-	-	(33,033)	6,887,638
Total fund balance	<u>6,920,671</u>	<u>84,070</u>	<u>456,585</u>	<u>2,076,462</u>	<u>297,919</u>	<u>1,892,988</u>	<u>11,728,695</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 8,068,910</u>	<u>\$ 479,424</u>	<u>\$ 2,121,747</u>	<u>\$ 2,078,264</u>	<u>\$ 306,318</u>	<u>\$ 2,306,338</u>	<u>\$ 15,361,001</u>

See accompanying notes.

CITY OF FIREBAUGH

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2024

Total governmental fund balance	\$ 11,728,695
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Notes receivable are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds	1,668,347
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	19,517,483
Deferred outflows of resources related to net pension liability and post- retirement health benefits, represent a consumption of net position or fund balance that applies to future period(s) and so will not be recognized as an outflow of resources (expenses) until that time	2,557,963
Post-retirement health benefits are not due and payable in the current period and, therefore, are not reported in the governmental funds	(1,734,161)
Governmental long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds Notes and capital lease payable	(420,541)
Net pension liability applicable to governmental activities are not due and payable in the current period and accordingly is not reported in the governmental funds	(4,319,428)
Deferred inflows of resources related to net pension liability, represent an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time	(2,819,406)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(34,908)</u>
Net position of governmental activities	<u>\$ 26,144,044</u>

CITY OF FIREBAUGH

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2024

	Special Revenue Funds						Non-Major Governmental Funds	Total Governmental Funds
	General	Community Development	Housing	Development Impact Fees	Public Safety			
Revenue								
Taxes	\$ 3,730,295	\$ -	\$ -	\$ -	\$ -	\$ 64,537	\$ 3,794,832	
Licenses and permits	418,343	-	-	754,964	-	-	1,173,307	
Intergovernmental	179,914	942,445	26,201	-	564,671	1,311,063	3,024,294	
Charges for services	716,012	-	-	-	1,934	-	717,946	
Fines and forfeitures	38,015	-	-	-	-	-	38,015	
Investment income	58,467	-	5,313	-	2,668	14,181	80,629	
Other	173,706	-	-	-	-	-	173,706	
Total revenue	<u>5,314,752</u>	<u>942,445</u>	<u>66,295</u>	<u>754,964</u>	<u>569,273</u>	<u>1,389,781</u>	<u>9,037,510</u>	
Expenditures								
Current								
General government	359,024	-	-	3,257	-	-	362,281	
Public ways and facilities	691,450	157,886	-	-	-	634,645	1,483,981	
Public protection	3,326,586	-	-	99,062	470,393	-	3,896,041	
Culture and recreation	498,911	-	-	8,343	-	-	507,254	
Community development	294,179	329,062	34,842	-	-	45,381	703,464	
Capital outlay	93,886	396,421	-	195,765	130,158	552,108	1,368,338	
Debt Service								
Principal	45,280	-	-	-	-	-	45,280	
Interest and fiscal charges	15,870	-	-	-	-	-	15,870	
Total expenditures	<u>5,325,186</u>	<u>883,369</u>	<u>34,842</u>	<u>306,427</u>	<u>600,551</u>	<u>1,232,134</u>	<u>8,382,509</u>	
Change in Fund Balance	(6,813)	59,076	31,453	448,537	(31,278)	157,647	658,622	
Fund Balance								
Beginning of year	6,927,484	24,994	425,132	1,627,925	329,197	1,735,341	11,070,073	
End of year	<u>\$ 6,920,671</u>	<u>\$ 84,070</u>	<u>\$ 456,585</u>	<u>\$ 2,076,462</u>	<u>\$ 297,919</u>	<u>\$ 1,892,988</u>	<u>\$ 11,728,695</u>	

See accompanying notes.

CITY OF FIREBAUGH

RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2024

Net change in fund balance - total governmental funds \$ 658,622

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

Depreciation expense on capital assets is reported in the Statement of
Activities, but they does not require the use of current financial
resources, therefore, depreciation expense is not reported as
expenditures in the Governmental Funds (598,915)

Governmental Funds report capital outlay as expenditures. However,
in the Statement of Activities the cost of those assets are capitalized
as an asset and depreciated over the period of service 1,368,338

Post-retirement benefit costs in the Statement of Activities does not
require the use of current financial resources and, therefore,
are not reported as expenditures in the Governmental Funds (122,254)

Pension 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 107,640

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the funds (32,534)

Compensated absence costs in the Statement of Activities does not
require the use of current financial resources and, therefore, are
not reported as expenditures in the Governmental Funds 9,951

Repayment of loans and capital leases principal is an expenditure in the
governmental funds, but the repayment reduces long-term liabilities
in the statement of net assets 45,280

Change in net position of governmental activities \$ 1,436,128

CITY OF FIREBAUGH

**STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2024**

	Business-Type Activities - Enterprise Funds		
	Sewer	Water	Total Proprietary Funds
ASSETS			
Current assets			
Cash and investments	\$ 4,089,137	\$ 2,772,109	\$ 6,861,246
Accounts and interest receivable	295,720	180,488	476,208
Due from government	66,310	3,209	69,519
Total current assets	<u>4,451,167</u>	<u>2,955,806</u>	<u>7,406,973</u>
Non-current assets			
Advances to other funds	735,007	80,000	815,007
Property, plant and equipment, net of allowance for depreciation	<u>6,465,095</u>	<u>10,608,975</u>	<u>17,074,070</u>
Total noncurrent assets	<u>7,200,102</u>	<u>10,688,975</u>	<u>17,889,077</u>
Total assets	<u>11,651,269</u>	<u>13,644,781</u>	<u>25,296,050</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>422,616</u>	<u>400,781</u>	<u>823,397</u>
LIABILITIES			
Current liabilities			
Accounts payable	53,870	144,794	198,664
Accrued expenses	23,405	29,044	52,449
Accrued interest	56,058	42,019	98,077
Deposits	-	103,081	103,081
Current portion of long-term debt	<u>147,412</u>	<u>312,824</u>	<u>460,236</u>
Total current liabilities	<u>280,745</u>	<u>631,762</u>	<u>912,507</u>
Non-current liabilities			
Bonds payable	4,102,116	5,844,868	9,946,984
Net other pension benefits	286,543	271,643	558,186
Net pension liability	<u>713,625</u>	<u>676,795</u>	<u>1,390,420</u>
Total noncurrent liabilities	<u>5,102,284</u>	<u>6,793,306</u>	<u>11,895,590</u>
Total liabilities	<u>5,383,029</u>	<u>7,425,068</u>	<u>12,808,097</u>
DEFERRED INFLOWS OF RESOURCES	<u>465,856</u>	<u>441,654</u>	<u>907,510</u>
NET POSITION			
Net investment in capital assets	2,311,919	4,606,267	6,918,186
Unrestricted	<u>3,913,081</u>	<u>1,572,573</u>	<u>5,485,654</u>
Total net position	<u>\$ 6,225,000</u>	<u>\$ 6,178,840</u>	<u>\$ 12,403,840</u>

CITY OF FIREBAUGH

**STATEMENT OF REVENUE, EXPENSE, AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024**

	Business-Type Activities - Enterprise Funds		
	Sewer	Water	Total Proprietary Funds
Operating Revenue			
Charges for services	\$ 1,940,140	\$ 2,102,907	\$ 4,043,047
Total operating income	<u>1,940,140</u>	<u>2,102,907</u>	<u>4,043,047</u>
Operating Expense			
Personnel	609,722	680,645	1,290,367
Utilities	64,744	262,956	327,700
Supplies and materials	74,206	99,603	173,809
Maintenance and operations	124,134	159,735	283,869
Contractual services	182,468	249,759	432,227
Depreciation	266,156	520,260	786,416
Other expenses	144,549	154,956	299,505
Total operating expense	<u>1,465,979</u>	<u>2,127,914</u>	<u>3,593,893</u>
Operating income/(loss)	<u>474,161</u>	<u>(25,007)</u>	<u>449,154</u>
Nonoperating Revenue/(Expense)			
Investment income	32,699	34,772	67,471
Other revenue (expenses)	20,971	19,649	40,620
Interest expense	(145,054)	(209,815)	(354,869)
Total nonoperating revenue/(expense) before capital contributions	<u>(91,384)</u>	<u>(155,394)</u>	<u>(246,778)</u>
Capital Contributions	<u>-</u>	<u>52,000</u>	<u>52,000</u>
Change in Net Position	<u>382,777</u>	<u>(128,401)</u>	<u>254,376</u>
Net Position			
Beginning of year	<u>5,842,223</u>	<u>6,307,241</u>	<u>12,149,464</u>
End of year	<u>\$ 6,225,000</u>	<u>\$ 6,178,840</u>	<u>\$ 12,403,840</u>

CITY OF FIREBAUGH

STATEMENT OF CASH FLOW – PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2024

	Business-Type Activities - Enterprise Funds		
	Sewer	Water	Total Proprietary Funds
Operating Activities			
Receipts from customers and users	\$ 1,865,712	\$ 2,033,166	\$ 3,898,878
Payment to suppliers of goods and services	(609,010)	(785,825)	(1,394,835)
Payment to employees	(609,607)	(582,742)	(1,192,349)
Net cash provided by (used in) operating activities	<u>647,095</u>	<u>664,599</u>	<u>1,311,694</u>
Non-capital Financial Activities			
Capital contributions	-	52,000	52,000
Payments from other governments	38,067	19,649	57,716
Net cash provided by (used in) noncapital financing activities	<u>38,067</u>	<u>71,649</u>	<u>109,716</u>
Capital and Related Financing Activities			
Purchase of property, plant and equipment	(173,631)	(622,916)	(796,547)
Principal paid on long-term debt	(145,960)	(300,927)	(446,887)
Interest paid on long-term debt	(146,504)	(209,269)	(355,773)
Net cash provided by (used in) capital and related financing activities	<u>(466,095)</u>	<u>(1,133,112)</u>	<u>(1,599,207)</u>
Investing Activities			
Interest received	32,699	34,772	67,471
Net cash provided by investing activities	<u>32,699</u>	<u>34,772</u>	<u>67,471</u>
Net Increase (Decrease) in Cash	251,766	(362,092)	(110,326)
Cash			
Beginning of year	3,837,371	3,134,201	6,971,572
End of year	<u>\$ 4,089,137</u>	<u>\$ 2,772,109</u>	<u>\$ 6,861,246</u>
Cash Flows from Operating Activities			
Operating income (loss)	\$ 474,161	\$ (25,007)	\$ 449,154
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	266,156	520,260	786,416
(Increase) Decrease in Accounts Receivable	(74,428)	(72,200)	(146,628)
(Increase) Decrease in Deferred Outflows of Resources	(184,377)	(196,888)	(381,265)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(18,909)	141,184	122,275
Increase (Decrease) in Deposits	-	2,459	2,459
Increase (Decrease) in Compensated Absences	11,079	10,987	22,066
Increase (Decrease) in Deferred Inflows of Resources	(189,039)	(118,848)	(307,887)
Increase (Decrease) in OPEB liability	(49,305)	(15,800)	(65,105)
Increase (Decrease) in Net Pension Liability	411,757	418,452	830,209
Net Cash Provided by (Used in) Operating Activities	<u>\$ 647,095</u>	<u>\$ 664,599</u>	<u>\$ 1,311,694</u>

CITY OF FIREBAUGH

STATEMENT OF FIDUCIARY NET POSITION PRIVATE-PURPOSE TRUST FUND – SUCCESSOR AGENCY JUNE 30, 2024

Assets

Cash and investments	\$ 700,950
Total assets	<u>700,950</u>

Liabilities

Accounts payable and accrued liabilities	3,089
Interest payable	15,467
Long-term debt	
Due within one year	308,016
Due in more than one year	<u>4,027,175</u>
Total liabilities	<u>4,353,747</u>

Net Position

Held in trust for other governments	<u>\$ (3,652,797)</u>
-------------------------------------	-----------------------

CITY OF FIREBAUGH

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PRIVATE-PURPOSE TRUST FUND – SUCCESSOR AGENCY JUNE 30, 2024

Additions

Property taxes	\$ 580,324
Investment earnings	<u>6,646</u>
Total additions	586,970

Deductions

Program expenses	46,312
Interest and fiscal agency expenses	<u>210,228</u>
Total deductions	<u>256,540</u>

Change In Net Position

330,430

Net Position

Beginning of year	<u>(3,983,227)</u>
End of year	<u>\$ (3,652,797)</u>

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies

The financial statements of the City of Firebaugh (the City) have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

These financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and data from these units is combined with data of the primary government. Each blended component unit has a June 30 fiscal year end. There are no discretely presented component units included in these financial statements. The following sections further describe the significant accounting policies of the City.

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.

Basis of Presentation – Fund Accounting

Government-Wide Financial Statements - The Government-Wide Financial Statements (the Statement of Net Position and the Statement of Activities and Changes in Net Position) report information of all of the nonfiduciary activities of the primary government and its component units. For the most part, eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City and between the City and its component unit. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely significantly on fees charged to external parties.

The Statement of Activities and Changes in Net Position presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Net position is restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Governmental Fund Financial Statements - The Governmental Fund Financial Statements provide information about the City’s funds, including fiduciary funds and the blended component unit. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are separately aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used for all financial resources except those required legally, or by sound financial management to be accounted for in another fund. Generally, the General Fund is used to account for those traditional governmental services of the City, such as police and fire protection, planning and general administrative services.

Community Development Fund – The Community Development Fund was established to account for the monies received from various sources which are to be used for the design and construction of various projects.

Housing Fund – The Housing Fund is used to account for grant revenues and expenditures related to housing assistance loans for low income individuals (HOME grants) and businesses (Low Moderate Housing Assets).

Development Impact Fees Fund – This fund is used to account for impact fees collected for various purposes.

Public Safety Fund – This fund is used to account for monies received from various sources which are to be used for the provision of public safety services.

The City reports the following major enterprise funds:

Water Fund – The Water Fund accounts for the operation and maintenance of the City’s water treatment and water transmission and distribution systems.

Sewer Fund – The Sewer Fund accounts for the operation and maintenance of the City’s sewer system.

The City reports the following additional fund types:

Private-Purpose Trust Fund – The Private-Purpose Trust Fund accounts for assets held by the City as trustee for the Successor Agency.

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

Proprietary Funds distinguish operating revenues and expenses from non-operating 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. Revenues and expenses not meeting this definition are reported as non-operating.

Financial Statement Amounts

Cash and Investments – Cash and investments represent the City's cash bank accounts including but not limited to certificates of deposit, money market funds and cash management pools for reporting purposes in the Statement of Cash Flows. Additionally, investments with maturities of three months or less when purchased are included as cash equivalents in the Statement of Cash Flows.

The City maintains a cash and investment pool that is available for use by all funds. Interest earnings as a result of this pooling are distributed to the appropriate funds based on month end cash balances in each fund.

Investments of the pool include only those investments authorized by the California Government Code such as, United States Treasury securities, agencies guaranteed by the United States Government, registered state warrants, and other investments. Investments primarily consist of deposits in the State of California Local Agency Investment Fund. Investments are stated at cost or amortized cost.

Accounts Receivable – Billed but unpaid services provided to individuals or non-governmental entities are recorded as accounts receivable. The Proprietary Funds include a year-end accrual for services through June 30, 2024, which have not yet been billed.

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Fresno County is responsible for the assessment, collection and apportionment of property taxes for all taxing jurisdictions. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year. Secured property taxes are due in two installments, on November 1 and March 1, and become a lien on those dates. They become delinquent on December 10 and April 10, respectively. Collection of delinquent accounts is the responsibility of the County, which retains all penalties collected. Property taxes are accounted for in the General Fund. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The City considers property taxes as available if they are collected within 60 days after year end. Property tax on the unsecured roll are due on July 1 and become delinquent if unpaid on August 31. However, unsecured property taxes are not susceptible to year end accrual.

The City is permitted by Article XIII A of the State of California Constitution (known as Proposition 13) to levy a maximum tax of \$1.00 per \$100 of full cash value.

Interfund Receivables/Payables – Items classified as interfund receivable/payable represent short-term lending/borrowing transactions between funds. This classification also includes the current portion of an advance to or from another fund.

Advances To/From Other Funds – This classification represents non-current portions of any long-term lending/borrowing transactions between funds. This amount will be equally offset by a reserve of fund balance which indicates that it does not represent available financial resources and therefore, is not available for appropriation. The current portion of any interfund long-term loan (advance) is included as an interfund receivable/payable.

Capital Assets – Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the Government-Wide Financial Statements to the extent the City's capitalization threshold are met.

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, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such 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 assets lives are not capitalized. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

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.

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Depreciable asset</u>	<u>Years</u>
Buildings	10-40
Improvements	10-40
Machinery and equipment	3-20
Utility system	5-50
Infrastructure	15-50

Compensated Absences – It is the City's policy to permit all employees to accumulate earned but unused vacation and compensatory time benefits. Those employees on shift work schedules may also accumulate hours for holiday time benefits.

Vested or accumulated vacation, holiday and any compensation time that is expected to be paid with expendable available financial resources is reported as expenditure in the fund financial statements of the Governmental Fund that will pay for it. Amounts not expected to be liquidated with expendable available financial resources are reported in the Government-Wide Financial Statements.

Vested leave of Proprietary Funds are recorded as an expense and liability as the benefits accrue.

Sick leave can be accumulated, but vesting is limited and will not be paid upon termination. However, in past years unused sick leave could be used to pay post-employment health insurance. Two retirees carry unused benefits balances at year end and this amount is reported as a compensated absence liability. For this reason, the City does not accrue any costs relating to sick leave.

Unearned Revenue – Unearned revenue is that for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City typically records unearned revenue related to uncollected outstanding, performing loans and intergovernmental revenues (primary grants and subventions) received but not earned (qualifying expenditures not yet incurred).

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 Position. Debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using 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.

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

In the fund financial statements, however, debt principal payments of Governmental Funds are recognized as expenditures when paid. 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.

Non-Current Governmental Assets/Liabilities – GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the Government-Wide Statement of Net Position.

Pension Plan – All full-time City employees are members of the State of California Public Employees' Retirement System. The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually as of July 1 by the System's actuary. See note 9 for further discussion.

Bond Discount and Issuance Costs – For governmental funds, bond discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable discount. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures. For business-type funds, bond discounts, are deferred and amortized over the life, of the bonds. Bonds payable are reported net of applicable bond discounts. Issuance costs are expensed.

Net Position – The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position are categorized as net investment in capital assets, restricted and unrestricted.

- Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Position – This category presents external restrictions on net position imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This category represents net position of the City, not restricted for any project or other purpose.

Fund Balance – In the fund financial statements, governmental fund balance is made up of the following components:

- Nonspendable fund balance typically includes inventories, prepaid items, and other items that must be maintained intact pursuant to legal or contractual requirements, such as endowments.

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

- Restricted fund balance category includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of other governments or through enabling legislations.
- Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council. The City Council has the authority to establish, modify, or rescind a fund balance commitment.
- Assigned fund balance are amounts designated by the City Council for specific purposes and do not meet the criteria to be classified as restricted or committed.
- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to apply restricted first. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

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

Note 2 – Stewardship, Compliance and Accountability

California law authorizes the City to invest in obligations of the United States Treasury, agencies and instrumentalities, certificates of deposit or time deposits in banks and savings and loan associations which are insured by the Federal Deposit Insurance Corporation.

In accordance with applicable sections of the California Government Code and the Firebaugh Municipal Code, the City prepares and legally adopts an annual balanced budget on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund, specific Special Revenue Funds, and specific Capital Projects Funds. Budget plans are adopted for Proprietary Funds. A proposed budget is presented to the City Council during June of each year for review. The Council holds public hearings and may add to, subtract from, or change appropriations within the revenues and reserves estimated as available. Expenditures may not legally exceed budgeted appropriations at the fund level. Supplementary appropriations which alter the total expenditures of any fund, or expenditures in excess of total budgeted fund appropriations, must be approved by the City Council.

All annual appropriations lapse at fiscal year end to the extent they have not been expended or encumbered.

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 3 – Cash and Investments

The City pools all of its cash and investments except those funds required to be held by outside fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash is allocated to the various funds on average cash balances. Interest income from cash investments held with fiscal agents is credited directly to the related funds.

Cash and investments as of June 30, 2024 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and Investments	\$ 19,031,254
Fiduciary Funds:	
Cash and Investments	<u>700,950</u>
Total Cash and Investments	<u>\$ 19,732,204</u>

Cash and investments as of June 30, 2024 consist of the following:

Cash on hand	\$ 386
Deposits with Financial Institutions	16,991,570
Cash with Fiscal Agent	1,906
Local Agency Investment Fund	<u>2,738,342</u>
Total Cash and Investments	<u>\$ 19,732,204</u>

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2: Inputs to valuation methodology include inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 3 – Cash and Investments (Continued)

Fair Value Measurements (continued)

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>June 30, 2024 Balance</u>
Investments by fair value level:				
Equity Securities:				
LAIF	\$ -	\$ 2,738,342	\$ -	\$ 2,738,342
Total Equity Securities	<u>-</u>	<u>2,738,342</u>	<u>-</u>	<u>2,738,342</u>
Cash and cash equivalents carried at cost:				
Bank Deposits and Cash on Hand				16,991,956
Cash with Fiscal Agent				<u>1,906</u>
Total Cash and Cash Equivalents carried at cost				<u>16,993,862</u>
Total Cash and Investments				<u>\$ 19,732,204</u>

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Percentage Allowed</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	AAA	None
Banker's Acceptances	1 year	None	None
Commercial Paper	None	A-1	None
Money Market Mutual Funds	None	A	None
Investment Contracts	None	None	None
Certificates of Deposits	1 year	A-1	None
Repurchase Agreements	30 days	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Municipal Bonds	None	None	None

CITY OF FIREBAUGH

**NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

Note 3 – Cash and Investments (Continued)

Investments Authorized by Debt Agreements

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

Investment Type	<u>June 30, 2024 Balance</u>	<u>Minimum Legal Rating</u>	<u>Rating of Year End</u>
Equity Securities:			
LAIF	\$ 2,738,342	N/A	Not Rated
Total Equity Securities	<u>\$ 2,738,342</u>		

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2024 the City had the following investments.

Investment Type	<u>June 30, 2024 Balance</u>	<u>Maturity Date</u>
Equity Securities:		
LAIF	\$ 2,738,342	N/A
Total Equity Securities	<u>\$ 2,738,342</u>	

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 3 – Cash and Investments (Continued)

Disclosures Relating to Credit Risk

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Percentage of Portfolio</u>	<u>Maximum Percentage of Portfolio</u>
Local Agency Bonds	1 year	None	None
U.S. Treasury Obligations	1 year	A	None
U.S. Agency Securities	1 year	None	None
Banker's Acceptances	180 days	None	40%
Commercial Paper	270 days	None	25%
Negotiable Certificates of Deposit	1 year	None	30%
Repurchase Agreements	90 days	None	None
Reverse Repurchase Agreements	92 days	None	20% of base value
Medium-Term Notes	5 years	A	30%
Mutual Funds	N/A	A	20%
Money Market Mutual Funds	N/A	A	20%
Mortgage Pass-Through Securities	5 years	AA	20%

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of the total City investments.

Custodial Credit Risk

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

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 3 – Cash and Investments (Continued)

The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

The City 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. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Note 4 – Notes Receivable

Revolving Loan Program – Long-term loans receivable of \$1,328,093 represent monies loaned to homebuyers in connection with a downpayment 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 homebuyer 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 the outstanding principal. Balance at June 30, 2024 was \$160,643.

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 on the principal to date on this note.

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 5 – Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024
<u>Governmental Activities</u>				
Capital assets, not being depreciated				
Land	\$ 372,922	\$ -	\$ -	\$ 372,922
Construction in progress	5,696,439	421,622	(6,077,732)	40,329
Total capital assets, not being depreciated	<u>6,069,361</u>	<u>421,622</u>	<u>(6,077,732)</u>	<u>413,251</u>
Capital assets, being depreciated				
Buildings and improvements	9,842,493	3,366,703	-	13,209,196
Infrastructure	3,370,287	3,281,516	-	6,651,803
Machinery and equipment	3,608,370	376,229	-	3,984,599
Total capital assets, being depreciated	<u>16,821,150</u>	<u>7,024,448</u>	<u>-</u>	<u>23,845,598</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,084,472)	(321,703)	-	(1,406,175)
Infrastructure	(328,485)	(139,964)	-	(468,449)
Machinery and equipment	(2,729,494)	(137,248)	-	(2,866,742)
Total accumulated depreciation	<u>(4,142,451)</u>	<u>(598,915)</u>	<u>-</u>	<u>(4,741,366)</u>
Total capital assets, being depreciated, net	<u>12,678,699</u>	<u>6,425,533</u>	<u>-</u>	<u>19,104,232</u>
Governmental activities capital assets, net	<u>\$ 18,748,060</u>	<u>\$ 6,847,155</u>	<u>\$ (6,077,732)</u>	<u>\$ 19,517,483</u>
<u>Business-Type Activities</u>				
Capital assets, not being depreciated				
Land	\$ 203,705	\$ -	\$ -	\$ 203,705
Construction in progress	332,992	144,550	-	477,542
Total capital assets, not being depreciated	<u>536,697</u>	<u>144,550</u>	<u>-</u>	<u>681,247</u>
Capital assets, being depreciated				
Buildings and infrastructure	28,444,272	587,096	-	29,031,368
Machinery and equipment	1,341,272	64,900	-	1,406,172
Total capital assets, being depreciated	<u>29,785,544</u>	<u>651,996</u>	<u>-</u>	<u>30,437,540</u>
Less: accumulated depreciation	<u>(13,258,301)</u>	<u>(786,416)</u>	<u>-</u>	<u>(14,044,717)</u>
Total capital assets, being depreciated, net	<u>16,527,243</u>	<u>(134,420)</u>	<u>-</u>	<u>16,392,823</u>
Business-type activities capital assets, net	<u>\$ 17,063,940</u>	<u>\$ 10,130</u>	<u>\$ -</u>	<u>\$ 17,074,070</u>

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 5 – Capital Assets (Continued)

Depreciation and amortization expense were charged to the following functions in the Statement of Activities:

Governmental Functions:

General Government	\$ 81,994
Public Safety	227,025
Public Works	185,533
Parks and Community Services	104,363
	<u>\$ 598,915</u>

Business-Type Functions:

Sewer	\$ 266,156
Water	520,260
	<u>\$ 786,416</u>

Note 6 – Long-term Liabilities

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt. The City’s debt transactions are summarized below and discussed in detail thereafter:

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Current</u> <u>Portion</u>
<u>Governmental Activity Long Term Debt</u>					
<i>Direct Borrowings:</i>					
2019 Solar Project Financed Purchase	\$ 302,470	\$ -	\$ 14,900	\$ 287,570	\$ 14,900
2019 Fire Truck Financed Purchase	163,351	-	30,380	132,971	31,484
<i>Other Noncurrent Liabilities:</i>					
Net other post employment benefits	1,509,076	225,085	-	1,734,161	-
Net pension liability	4,152,439	166,989	-	4,319,428	-
Total Governmental Activity Debt	<u>\$ 6,127,336</u>	<u>\$ 392,074</u>	<u>\$ 45,280</u>	<u>\$ 6,474,130</u>	<u>\$ 46,384</u>
<u>Business-Type Activity Long Term Debt</u>					
<i>Direct Placements:</i>					
Bonds payable:					
2013 Water Revenue Refunding Bond	\$ 836,577	\$ -	\$ 96,787	\$ 739,790	\$ 100,136
2016 Wastewater Refunding Bond	2,955,000	-	75,000	2,880,000	80,000
2016 Water Refunding Bond	3,305,000	-	90,000	3,215,000	95,000
<i>Direct Borrowings:</i>					
2019 Water Solar Project Financed Purchase	2,317,042	-	114,140	2,202,902	117,688
2019 Wastewater Solar Project Finance Purchase	1,440,488	-	70,960	1,369,528	67,412
<i>Other Noncurrent Liabilities:</i>					
Net other post employment benefits	623,291	-	65,105	558,186	-
Net pension liability	560,212	830,208	-	1,390,420	-
Total Business-Type Activity Debt	<u>\$ 12,037,610</u>	<u>\$ 830,208</u>	<u>\$ 511,992</u>	<u>\$ 12,355,826</u>	<u>\$ 460,236</u>

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 6 – Long-Term Liabilities (Continued)

Long-term debt payable at June 30, 2024 was comprised of the following individual issues:

Governmental Activity Long Term Debt

2019 Solar Project Financed Purchase – In May 2019, The City entered into an arrangement to finance the acquisition of certain energy efficient equipment and improvements for the City. The obligation is accounted for as a financed purchase where the related equipment and improvements to be acquired will become property of the City when all terms of the agreement are met. The stated interest under terms of the agreement varies between 2.05% and 4.00% with an average rate of 3.6%. Present value of the payments as of inception of the financing arrangement was \$4,440,000, the City determined payments were to be made from the General Fund, Water Enterprise Fund, and Sewer Enterprise Fund in the amounts of \$330,780, \$2,533,908 and \$1,575,312, respectively. Semiannual debt service payments under the agreement start on February 1, 2020 and end on August 1, 2029, ranging from \$72,855 to \$170,379.

2019 Fire Truck Financed Purchase – In May 2018, The City entered into an arrangement to finance the acquisition of a Fire Truck. The obligation is accounted for as a financed purchase where the related equipment acquired will become property of the City when all terms of the agreement are met. The stated interest rate under terms of the agreement is 3.6%, present value of minimum payments is \$300,000. Annual debt service payments of \$36,317 start on May 31, 2019 and conclude on May 31, 2028.

Business-Type Activity Long Term Debt

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. During December 2020, the City entered into a Rate Adjustment Transaction with Pinnacle Public Finance, Inc., the sole Bond owner of the 2013 Bonds, to reduce the interest rate on the 2013 Bonds in order to achieve debt service savings. Terms after the rate adjustment transaction are as follows: Principal and interest is payable semi-annually on December 1 and June 1 each year, debt service payment amounts range from \$56,665 to \$60,964, and interest rate was reduced from 3.85% to 2.50%.

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 6 – Long-Term Liabilities (Continued)

2016 Water Refunding Bonds – In 2016 the City issued \$3,945,000 of Water Revenue Refunding Bonds. The proceeds of the issue were used to refinance the 2007 USDA Water Certificate of Participation. Interest on the Bond is payable semi-annually on November 1 and June 1 each year, with stated interest rates ranging from 2.00% to 4.00% per annum for an average coupon rate of 3.38%. Principal is paid annually on June 1. Pursuant to the provisions of the Bond agreement, the City has established a Rate Stabilization Fund and made an initial deposit of \$500,000 in fiscal year 2016-17, the fund has a current ending balance of \$135,000 at June 30, 2024. Debt service is secured by a pledge of net revenues of the City’s Water System. The City covenants that it shall prescribe, revise and collect such charges for the services and facilities of the water system which shall produce revenues sufficient in each fiscal year to provide gross revenues which are sufficient to pay all water operation and maintenance costs and all bond installment payments and produce net water revenues equal to at least 1.25 times debt service coming due and payable during such fiscal year. The City is in compliance with those covenants as of June 30, 2024. Cash basis bonds debt service paid during the fiscal year ended June 30, 2024 totaled \$313,451. Total water system net revenues calculated in accordance with the covenants were \$549,673 and net revenue available for debt service was 1.75 times debt service at June 30, 2024.

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 15 and August 15 each year, with stated interest rates ranging from 2.00% to 4.00% per annum for an average coupon rate of 3.38%. Principal is paid annually on August 15. The City covenants that it shall prescribe, revise and collect such charges for the services and facilities of the sewer system which shall produce revenues sufficient in each fiscal year to provide gross revenues which are sufficient to pay all sewer operation and maintenance costs and all bond installment payments and produce net sewer revenues equal to at least 1.25 times debt service coming due and payable during such fiscal year. The City is in compliance with those covenants as of June 30, 2024. Cash basis bond debt service paid during the fiscal year ended June 30, 2024 totaled \$174,713. Total sewer system net revenues calculated in accordance with the covenants were \$778,986 and net revenue available for debt service was 4.86 times debt service at June 30, 2024.

2019 Water Solar Project Financed Purchase – See 2019 Solar Project Financed Purchase under Governmental Activity Long Term Debt for general terms of the purchase agreement. The portion of the total liability allocated to the Water Enterprise Fund was \$2,533,908.

2019 Wastewater Solar Project Financed Purchase – See 2019 Solar Project Finance Purchased under Governmental Activity Long Term Debt for general terms of the purchase agreement. The portion of the total liability allocated to the Wastewater Enterprise Fund was \$1,575,312.

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 6 – Long-Term Liabilities (Continued)

The annual requirement to amortize the principal and interest on all long-term debt at June 30, 2024 are as follows:

Years ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 46,384	\$ 14,588	\$ 460,236	\$ 344,462
2026	47,529	13,138	458,499	332,925
2027	49,459	11,643	480,743	321,280
2028	50,689	10,094	498,325	307,637
2029	16,018	8,496	505,411	293,098
2030-2034	90,145	34,172	2,459,324	1,222,467
2035-2039	108,398	14,684	2,641,603	782,169
2040-2044	11,919	238	1,678,079	368,046
2045-2049	-	-	1,225,000	87,238
	<u>\$ 420,541</u>	<u>\$ 107,053</u>	<u>\$10,407,220</u>	<u>\$ 4,059,321</u>

Note 7 – Interfund Balances

Interfund balances as of June 30, 2024 consist of the following:

All balances reported as “due to/due from” are short-term loans to cover temporary fund cash shortages as of June 30, 2024, and were repaid early in fiscal year 2024.

	<u>Due From</u>	<u>Due To</u>
Major Governmental Funds:		
General Fund	\$ 222,642	\$ -
Community Development	-	195,432
Non-Major Governmental Funds		
Housing	-	27,210
	<u>\$ 222,642</u>	<u>\$ 222,642</u>

Balances reported as “advance to/advance from” were for capital project expenditures and have scheduled repayments in future years.

	<u>Advances From</u>	<u>Advances To</u>
Major Funds:		
General Fund	\$ -	\$ 815,007
Enterprise Funds:		
Sewer	735,007	-
Water	80,000	-
	<u>\$ 815,007</u>	<u>\$ 815,007</u>

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 8 – Deficit Fund Balance

Fund Balance Deficits – The Landscape Maintenance Fund has a deficit fund balance as of June 30, 2024 of \$33,033. The deficit is expected to be relieved from future revenues or transfers from other funds.

Note 9 – Pension Plan

Plan Description – The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office - 400 P Street - Sacramento, CA 95814.

Funding Policy – Participants are required to contribute eight percent (nine percent for safety employees) of their annual covered salary. The City contributes the employees required share for administrative and public works employees and 5% and 4% of the police and dispatchers required share, respectively. The City is required to contribute at an actuarially determined rate; the current rate is 7.68 – 14.06 percent for non-safety employees and 13.54 – 24.15 percent for safety employees of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

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

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 9 – Pension Plan (continued)

The Plans' provisions and benefits in effect at June 30, 2024, are summarized as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
	Prior to January 1, 2013	Prior to January 1, 2013
Hire Date		
Benefit Formula	2.5% at 55; maximum 2%	3.0% at 55; maximum 2%
	COLA	COLA
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	55	55
Monthly Benefits, as a % of Eligible Compensation	2.50%	3.00%
Required Employee Contribution Rates	8.00%	9.00%
Required Employer Contribution Rates	14.06%	24.15%

	<u>PEPRA</u>	
	<u>Miscellaneous</u>	<u>PEPRA Safety</u>
	On or After January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formula	2.0% at 62; maximum 2%	2.7% at 57; maximum 2%
	COLA	COLA
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	62	57
Monthly Benefits, as a % of Eligible Compensation	2.00%	2.70%
Required Employee Contribution Rates	7.75%	13.75%
Required Employer Contribution Rates	7.68%	13.54%

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 July 1 following the 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, 2024, the contributions recognized \$725,671 as part of the pension expense.

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 9 – Pension Plan (continued)

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

As of June 30, 2024, the City reported net pension liabilities for its proportionate shares of the net pension liability as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 2,664,319
Safety	<u>3,045,529</u>
Total	<u>\$ 5,709,848</u>

The City's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability of each Plan is measured as of June 30, 2023, 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, 2022 rolled forward to June 30, 2023 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 the Plan as of June 30, 2023 and 2024 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2023	0.04095%	0.04069%
Proportion - June 30, 2024	<u>0.05328%</u>	<u>0.04074%</u>
Change - Increase/(Decrease)	<u>0.01233%</u>	<u>0.00005%</u>

For the year ended June 30, 2024, the City recognized pension expense of \$1,053,480. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 338,598	\$ -
Differences between expected and actual experience	359,706	(40,256)
Differences between projected and actual investment earnings	848,157	-
Differences between employer's contributions and proportionate share of contributions	53,703	(139,674)
Change in employer's proportion Pension contributions subsequent to measurement date	485,018	(288,882)
	<u>787,999</u>	<u>-</u>
Total	<u>\$ 2,873,181</u>	<u>\$ (468,812)</u>

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 9 – Pension Plan (continued)

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

\$787,999 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, 2025. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2025	\$ 471,865
2026	355,369
2027	765,126
2028	24,010
	\$ 1,616,370

Actuarial Methods and Assumptions – The collective total pension liability for the June 30, 2023 measurement period was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The collective total pension liability was based on the following assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership ¹ Date for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.3% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

¹ The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website..

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 9 – Pension Plan (continued)

Discount rate – The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term expected rate of return – In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The table below reflects long-term expected real rates 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. The geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	^{1,} ²
Global equity - cap-weighted	30%	4.45%	
Global equity - noncap-weighted	12%	3.84%	
Private equity	13%	7.28%	
Treasury	5%	0.27%	
Mortgage-backed securities	5%	0.50%	
Investment grade corporates	10%	1.56%	
High yield	5%	2.27%	
Emerging market debt	5%	2.48%	
Private debt	5%	3.57%	
Real assets	15%	3.21%	
Leverage	-5%	-0.59%	
Total	100%		

¹ An expected inflation of 2.30% used for this period

² Figures are based on the 2021-22 Asset Liability Management study.

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 9 – Pension Plan (continued)

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, calculating using the discount rate of 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 (6.15%) or 1-percentage point higher (8.15%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Miscellaneous	\$ 4,067,238	\$ 2,664,319	\$ 1,509,595
Safety	\$ 4,607,323	\$ 3,045,529	\$ 1,768,651

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

Payable to the Pension Plan – At June 30, 2024, the City has no reported outstanding amount of contributions payable to the pension plan required for the year ended June 30, 2024.

Note 10 – Post-Employment Health Care Benefits

Plan Description

The City reported that the only OPEB provided is medical plan coverage.

Medical coverage is currently provided through CalPERS as permitted under the Public Employees’ Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS, which requires (1) attainment of age 50 (age 52, if a new miscellaneous member to PERS on or after January 1, 2013) with 5 years of State or public agency service or (2) an approved disability retirement.

As a PEMHCA employer, the City is obligated to contribute toward the cost of retiree medical coverage for the retiree’s lifetime or until coverage is discontinued. This City most recently executed resolution with CalPERS defines the level of the City’s contribution to be 100% of the retiree’s monthly medical premium, but not more than \$347.77 per month.

Employees Covered

Membership in the plan consisted of the following at June 30, 2024:

Summary of Plan Member Counts	
Number of active plan members	37
Number of inactive plan members currently receiving benefits	7
Number of inactive plan members entitled but not receiving benefits	6*

* Retirees eligible to return to the City for PEMHCA

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 10 – Post-Employment Health Care Benefits (Continued)

Contributions

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.

Actuarial Assumptions

The City’s net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date as of June 30, 2023.

Valuation Date	6/30/2022
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	N/A; the plan is not being funded through a trust
Actuarial Assumptions:	
Discount Rate	4.13% as of June 30, 2023 4.09% as of June 30, 2022
Inflation Rate	2.50%
Salary Increase	3.00%
Health Cost Trend Rates	5.6 % in 2024, fluctuating down to 3.9% by 2077
Retirement age	From ages 50 to 75
Mortality	CalPERS 2021 Experience Study
Mortality Improvement	MW Scale 2022 Generationally

Long Term Expected Rate of Return

Not applicable, the City has reported no plan assets as of June 30, 2024.

Discount Rate

The rate of return is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 10 – Post-Employment Health Care Benefits (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at Fiscal Year Ending 06/30/23 (Measurement Date 6/30/22)	\$ 2,132,367	\$ -	\$ 2,132,367
Changes for the year:			
Service cost	119,177	-	119,177
Interest	91,326	-	91,326
Changes of assumptions	(13,259)	-	(13,259)
Contributions - employer	-	37,264	(37,264)
Benefit payments	(37,264)	(37,264)	-
Net changes	<u>159,980</u>	<u>-</u>	<u>159,980</u>
Balance at Fiscal Year Ending 06/30/24 (Measurement Date 6/30/23)	<u>\$ 2,292,347</u>	<u>\$ -</u>	<u>\$ 2,292,347</u>

The only assumption change reflected during this period is the change in the discount rates as required by GASB 75.

Sensitivity of the City's Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Net OPEB liability	\$ 2,658,529	\$ 2,292,347	\$ 1,993,082

Sensitivity of the City's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	Current Trend -1%	Current Trend	Current Trend +1%
Net OPEB liability	\$ 1,922,503	\$ 2,292,347	\$ 2,767,108

Healthcare cost trend rate was assumed to start at 5.6% (effective January 1, 2024) and grade down to 3.9% for years 2077 and thereafter.

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 10 – Post-Employment Health Care Benefits (Continued)

OPEB Expense and Deferred Outflows/Inflows Related to OPEB

For the year ended June 30, 2024, the City recognized OPEB income of \$117,838. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 57,108	\$ -
Assumption changes	451,072	(2,676,817)
Differences between expected and actual experience	-	(581,287)
	<u>\$ 508,180</u>	<u>\$ (3,258,104)</u>

The City will recognize the deferred contributions in the next fiscal year. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30:	
2025	\$ (328,341)
2026	(328,341)
2027	(319,779)
2028	(299,677)
2029	(316,210)
Thereafter	<u>(1,214,684)</u>
Total	<u>\$ (2,807,032)</u>

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 11 – Deferred Outflows/Inflows of Resources

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 two items to report in this category:

- The City has \$2,873,180 in pension related items that qualify to be reported in deferred outflows of resources. The pension related deferred outflows of resources are described in Note 9.
- The City has \$508,180 in other post-employment benefit related items that qualify to be reported in deferred outflows of resources. The other post-employment benefit related deferred outflows of resources are described in Note 10.

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, represent an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items to report in this category:

- The City has \$468,812 in pension related items that qualify to be reported in deferred inflows of resources. The pension related deferred inflows of resources are described in Note 9.
- The City has \$3,258,104 in other post-employment benefit related items that qualify to be reported in deferred inflows of resources. The other post-employment benefit related deferred inflows of resources are described in Note 10.
- Unavailable revenues arise only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The City has \$1,638,736 in notes and loans receivable in the Housing Fund and \$29,611 due from other governments in the Community Development Fund reported as deferred inflows of resources reported for unavailable revenues.

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 12 – 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.

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, 2024 is as follows:

Total assets	\$ 179,635,612
Total liabilities	<u>144,400,470</u>
Net position	<u>\$ 35,235,142</u>
Total revenues	\$ 95,596,916
Total expenses	<u>94,324,180</u>
Increase/(decrease) in net position	<u>\$ 1,272,736</u>

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 13 – Stewardship, Compliance and Accountability

Excess of expenditures over appropriations – The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2024:

General Fund:	
Current	
General government	\$ (8,639)
Public ways and facilities	\$ (70,193)
Public protection	\$ (313,830)
Culture and recreation	\$ (31,835)
Community development	\$ (5,720)
Debt service	
Principal	\$ (45,280)
Interest	\$ (9,933)
Community Development Fund:	
Current	
General government	\$ (157,886)
Culture and recreation	\$ (329,062)
Community development	\$ (396,421)
Capital outlay	\$ (883,369)
Development Impact Fees Fund:	
Current	
General government	\$ (3,257)
Public protection	\$ (20,062)
Culture and recreation	\$ (8,343)
Public Safety Special Revenue Fund:	
Current	
Public protection	\$ (278,898)

The excess expenditures are expected to be covered by future excess revenues.

Note 14 – 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 Uniform Guidance 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.

CITY OF FIREBAUGH

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

Note 15 – Subsequent Events

The City evaluated subsequent events for recognition and disclosure through March 21, 2025 the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2024 that required recognition or disclosure in such financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FIREBAUGH

BUDGETARY COMPARISON SCHEDULE GENERAL FUND YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive/ (Negative)
Revenue				
Taxes	\$ 3,927,280	\$ 3,927,280	\$ 3,730,295	\$ (196,985)
Licenses and permits	139,270	139,270	418,343	279,073
Intergovernmental	42,500	42,500	179,914	137,414
Charges for services	659,600	659,600	716,012	56,412
Fines and forfeitures	18,300	18,300	38,015	19,715
Investment income	55,050	55,050	58,467	3,417
Other	168,725	168,725	173,706	4,981
Total revenue	<u>5,010,725</u>	<u>5,010,725</u>	<u>5,314,752</u>	<u>304,027</u>
Expenditures				
Current				
General government	350,385	350,385	359,024	(8,639)
Public ways and facilities	621,257	621,257	691,450	(70,193)
Public protection	3,012,756	3,012,756	3,326,586	(313,830)
Culture and recreation	467,076	467,076	498,911	(31,835)
Community development	288,459	288,459	294,179	(5,720)
Capital outlay	96,628	96,628	93,886	2,742
Debt service				
Principal	-	-	45,280	(45,280)
Interest	5,937	5,937	15,870	(9,933)
Total expenditures	<u>4,842,498</u>	<u>4,842,498</u>	<u>5,325,186</u>	<u>(482,688)</u>
Net Change in Fund Balance	<u>\$ 168,227</u>	<u>\$ 168,227</u>	(6,813)	<u>\$ (175,040)</u>
Fund Balance				
Beginning of year			<u>6,927,484</u>	
End of year			<u>\$ 6,920,671</u>	

CITY OF FIREBAUGH

**BUDGETARY COMPARISON SCHEDULE
DEVELOPMENT IMPACT FEES FUND
YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>		
Revenue				
Licenses and permits	\$ 390,400	\$ 390,400	\$ 754,964	\$ 364,564
Total revenue	<u>390,400</u>	<u>390,400</u>	<u>754,964</u>	<u>364,564</u>
Expenditures				
Current				
General government	-	-	3,257	(3,257)
Public protection	79,000	79,000	99,062	(20,062)
Culture and recreation	-	-	8,343	(8,343)
Total expenditures	<u>79,000</u>	<u>79,000</u>	<u>110,662</u>	<u>(31,662)</u>
Revenue over (under) expenditures	<u>311,400</u>	<u>311,400</u>	<u>644,302</u>	<u>332,902</u>
Net Change in Fund Balance	<u>\$ 311,400</u>	<u>\$ 311,400</u>	644,302	<u>\$ 332,902</u>
Fund Balance				
Beginning of year			<u>425,132</u>	
End of year			<u>\$ 456,585</u>	

CITY OF FIREBAUGH

**BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY FUND
YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenue				
Intergovernmental	\$ 155,000	\$ 155,000	\$ 564,671	\$ 409,671
Investment income	350	350	-	(350)
Other	-	-	2,668	2,668
Total revenue	<u>155,350</u>	<u>155,350</u>	<u>569,273</u>	<u>413,923</u>
Expenditures				
Current				
Public protection	191,495	191,495	470,393	(278,898)
Capital outlay	<u>35,000</u>	<u>35,000</u>	<u>130,158</u>	<u>(95,158)</u>
Total expenditures	<u>226,495</u>	<u>226,495</u>	<u>600,551</u>	<u>(374,056)</u>
Net Change in Fund Balance	<u>\$ (71,145)</u>	<u>\$ (71,145)</u>	(31,278)	<u>\$ 39,867</u>
Fund Balance				
Beginning of year			<u>329,197</u>	
End of year			<u>\$ 297,919</u>	

CITY OF FIREBAUGH

SCHEDULE OF CHANGES IN CITY'S NET OPEB LIABILITY AND RELATED RATIOS LAST 10 YEARS* AS OF JUNE 30, 2024

Fiscal Year Ending	2024	2023	2022	2021	2020	2019	2018
<i>Measurement Date</i>	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
<i>Discount Rate on Measurement Date</i>	4.13%	4.09%	2.18%	2.66%	2.79%	2.98%	3.13%
Total OPEB liability							
Service cost	\$ 119,177	\$ 347,380	\$ 293,288	\$ 341,640	\$ 313,522	\$ 286,261	\$ 314,831
Interest	91,326	111,552	113,673	136,485	127,822	1,116,721	98,956
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(548,472)	-	(208,193)	-	-	-
Changes of assumptions	(13,259)	(2,523,365)	429,180	(798,744)	165,842	159,327	(320,608)
Benefit payments	(37,264)	(48,788)	(44,420)	(38,271)	(27,143)	(31,579)	(24,191)
Net change in total OPEB liability	159,980	(2,661,693)	791,721	(567,083)	580,043	1,530,730	68,988
Total OPEB liability - beginning	2,132,367	4,794,060	4,002,339	4,569,422	3,989,379	3,458,649	3,389,661
Total OPEB liability - ending (a)	\$ 2,292,347	\$ 2,132,367	\$ 4,794,060	\$ 4,002,339	\$ 4,569,422	\$ 4,989,379	\$ 3,458,649
Plan fiduciary net position - beginning	-	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	-	-	-	-	-	-	-
Net OPEB liability - ending (a) - (b)	\$ 2,292,347	\$ 2,132,367	\$ 4,794,060	\$ 4,002,339	\$ 4,569,422	\$ 4,989,379	\$ 3,458,649
<i>Covered-employee payroll</i>	\$ 2,301,897	\$ 2,505,720	\$ 2,225,247	\$ 2,153,482	\$ 2,056,534	\$ 2,004,877	\$ 1,976,550
<i>Net OPEB liability as a % of covered payroll</i>	99.59%	85.10%	215.44%	185.85%	222.19%	248.86%	174.98%

Notes to Schedule:

Changes of assumptions : Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. Discount rates used in each period are illustrated above.

* GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Only results for years since GASB 75 was implemented are shown in the table.

CITY OF FIREBAUGH

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY LAST 10 YEARS AS OF JUNE 30, 2024

Miscellaneous								
Year	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered - employee payroll	Proportionate share of the net pension liability as a percentage of		Plan's fiduciary net position	Plan's fiduciary net position as a percentage of the Total Pension Liability	
				covered-employee payroll	Plan's fiduciary net position		Pension Liability	
2015	0.04155%	\$ 1,026,968	\$ 1,102,397	93.16%	\$ 4,258,380	80.57%		
2016	0.04681%	\$ 1,284,149	\$ 1,142,658	112.38%	\$ 4,422,483	77.50%		
2017	0.04584%	\$ 1,592,387	\$ 1,185,040	134.37%	\$ 4,509,211	73.90%		
2018	0.04647%	\$ 1,831,727	\$ 1,135,047	161.38%	\$ 4,859,986	72.63%		
2019	0.04743%	\$ 1,787,565	\$ 1,085,707	164.65%	\$ 5,465,496	75.35%		
2020	0.03340%	\$ 1,337,483	\$ 1,112,066	120.27%	\$ 5,679,947	80.94%		
2021	0.04948%	\$ 2,102,085	\$ 1,182,459	177.77%	\$ 6,192,635	74.66%		
2022	0.06151%	\$ 1,167,960	\$ 1,236,894	94.43%	\$ 7,750,225	86.90%		
2023	0.04095%	\$ 1,916,317	\$ 1,284,535	149.18%	\$ 6,468,448	77.15%		
2024	0.05328%	\$ 2,664,319	\$ 1,295,897	205.60%	\$ 7,708,794	62.38%		

Safety								
Year	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered - employee payroll	Proportionate share of the net pension liability as a percentage of		Plan's fiduciary net position	Plan's fiduciary net position as a percentage of the Total Pension Liability	
				covered-employee payroll	Plan's fiduciary net position		Pension Liability	
2015	0.04123%	\$ 1,546,431	\$ 768,218	201.30%	\$ 5,122,434	76.81%		
2016	0.03571%	\$ 1,471,316	\$ 799,827	183.95%	\$ 5,447,021	78.73%		
2017	0.03579%	\$ 1,853,650	\$ 692,501	267.67%	\$ 5,543,143	74.94%		
2018	0.03484%	\$ 2,081,461	\$ 692,040	300.77%	\$ 6,046,601	74.39%		
2019	0.03472%	\$ 2,036,936	\$ 683,756	297.90%	\$ 6,665,456	76.59%		
2020	0.03458%	\$ 2,158,923	\$ 726,367	297.22%	\$ 6,988,249	76.40%		
2021	0.03498%	\$ 2,330,725	\$ 740,988	314.54%	\$ 7,309,665	75.82%		
2022	0.03565%	\$ 1,251,290	\$ 771,654	162.16%	\$ 8,873,767	87.64%		
2023	0.04069%	\$ 2,796,363	\$ 978,789	285.70%	\$ 8,178,575	74.52%		
2024	0.04074%	\$ 3,045,529	\$ 906,118	336.11%	\$ 8,339,288	73.25%		

CITY OF FIREBAUGH

SCHEDULE OF CONTRIBUTIONS LAST 10 YEARS AS OF JUNE 30, 2024

	Contractually required contribution (actuarially determined)	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
Miscellaneous:					
2015	\$ 115,154	\$ (115,154)	\$ -	\$ 1,142,658	10.85%
2016	\$ 200,112	\$ (200,112)	\$ -	\$ 1,185,040	10.85%
2017	\$ 178,195	\$ (178,195)	\$ -	\$ 1,135,047	15.70%
2018	\$ 194,343	\$ (194,343)	\$ -	\$ 1,085,707	17.90%
2019	\$ 195,432	\$ (195,432)	\$ -	\$ 1,112,066	17.57%
2020	\$ 224,323	\$ (224,323)	\$ -	\$ 1,182,459	18.97%
2021	\$ 257,851	\$ (257,851)	\$ -	\$ 1,236,894	20.85%
2022	\$ 288,598	\$ (288,598)	\$ -	\$ 1,284,535	22.47%
2023	\$ 314,419	\$ (314,419)	\$ -	\$ 1,295,897	24.26%
2024	\$ 351,939	\$ (351,939)	\$ -	\$ 1,536,304	22.91%
Safety:					
2015	\$ 145,022	\$ (145,022)	\$ -	\$ 799,827	18.13%
2016	\$ 234,881	\$ (234,881)	\$ -	\$ 692,501	33.92%
2017	\$ 224,508	\$ (224,508)	\$ -	\$ 692,040	32.44%
2018	\$ 240,914	\$ (240,914)	\$ -	\$ 683,756	35.23%
2019	\$ 260,485	\$ (260,485)	\$ -	\$ 726,367	35.86%
2020	\$ 297,385	\$ (297,385)	\$ -	\$ 740,988	40.13%
2021	\$ 261,485	\$ (261,485)	\$ -	\$ 771,654	33.89%
2022	\$ 300,919	\$ (300,919)	\$ -	\$ 978,789	30.74%
2023	\$ 340,734	\$ (340,734)	\$ -	\$ 906,118	37.60%
2024	\$ 373,732	\$ (373,732)	\$ -	\$ 1,161,532	32.18%

SUPPLEMENTAL ONLY INFORMATION

CITY OF FIREBAUGH

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUNDS JUNE 30, 2024

	<u>Gas Tax</u>	<u>Local Transportation</u>	<u>Measure C Funds</u>	<u>Landscape Maintenance</u>	<u>SB1</u>	<u>ARPA</u>	<u>Total</u>
ASSETS							
Cash and investments	\$ 200,926	\$ 928,593	\$ 598,772	\$ -	\$ 188,982	\$ 214,480	\$ 2,131,753
Due from other governments	19,992	-	25,047	-	33,783	-	78,822
Total assets	<u>220,918</u>	<u>1,019,933</u>	<u>623,819</u>	<u>-</u>	<u>227,188</u>	<u>214,480</u>	<u>2,306,338</u>
LIABILITIES AND FUND BALANCE							
Liabilities							
Accounts payable and accrued expense	8,365	515	339,636	3,917	11,546	-	363,979
Accrued salaries and benefits	3,810	4,551	11,894	1,906	-	-	22,161
Due to other funds	-	-	-	27,210	-	-	27,210
Total liabilities	<u>12,175</u>	<u>5,066</u>	<u>351,530</u>	<u>33,033</u>	<u>11,546</u>	<u>-</u>	<u>413,350</u>
Fund Balance							
Restricted							
Public ways and facilities	208,743	1,014,867	272,289	-	215,642	-	1,711,541
Public safety programs	-	-	-	-	-	214,480	214,480
Unassigned	-	-	-	(33,033)	-	-	(33,033)
Total fund balance	<u>208,743</u>	<u>1,014,867</u>	<u>272,289</u>	<u>(33,033)</u>	<u>215,642</u>	<u>214,480</u>	<u>1,892,988</u>
Total liabilities and fund balance	<u>\$ 220,918</u>	<u>\$ 1,019,933</u>	<u>\$ 623,819</u>	<u>\$ -</u>	<u>\$ 227,188</u>	<u>\$ 214,480</u>	<u>\$ 2,306,338</u>

CITY OF FIREBAUGH

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUNDS YEAR ENDED JUNE 30, 2024

	<u>Gas Tax</u>	<u>Local Transportation</u>	<u>Measure C Funds</u>	<u>Landscape Maintenance</u>	<u>SB1</u>	<u>ARPA</u>	<u>Total</u>
Revenue							
Taxes and assessments	\$ -	\$ -	\$ -	\$ 64,537	\$ -	\$ -	\$ 64,537
Intergovernmental	232,369	451,216	408,256	-	219,222	-	1,311,063
Investment income	-	5,978	7,113	1,090	-	-	14,181
Total revenue	<u>232,369</u>	<u>457,194</u>	<u>415,369</u>	<u>65,627</u>	<u>219,222</u>	<u>-</u>	<u>1,389,781</u>
Expenditures							
Current							
Public ways and facilities	177,200	124,854	156,973	97,541	78,077	-	634,645
Community development	-	-	-	-	-	45,381	45,381
Capital outlay	65,103	-	374,721	-	-	112,284	552,108
Total expenditures	<u>242,303</u>	<u>124,854</u>	<u>531,694</u>	<u>97,541</u>	<u>78,077</u>	<u>157,665</u>	<u>1,232,134</u>
Change in Fund Balance	(9,934)	332,340	(116,325)	(31,914)	141,145	(157,665)	157,647
Fund Balance							
Beginning of year	218,677	682,527	388,614	(1,119)	74,497	372,145	1,735,341
End of year	<u>\$ 208,743</u>	<u>\$ 1,014,867</u>	<u>\$ 272,289</u>	<u>\$ (33,033)</u>	<u>\$ 215,642</u>	<u>\$ 214,480</u>	<u>\$ 1,892,988</u>

CITY OF FIREBAUGH

SCHEDULE OF NET REVENUE AVAILABLE FOR DEBT SERVICE

JUNE 30, 2024

	Business-Type Activities - Enterprise Funds	
	Sewer	Water
Operating Revenue		
Charges for services	\$ 1,803,154	\$ 2,046,081
Waste Discharge fees	15,285	-
Toma Tek Service and Reimbursement Revenue	106,701	-
Other revenue/(expenses)	20,971	45,403
Total Available Revenues	1,946,111	2,122,558
Operating Expense		
Personnel	609,723	680,646
Utilities	64,744	262,956
Supplies and materials	74,206	99,604
Maintenance and operations	124,134	159,735
Contractual services	182,468	249,759
Other expenses	144,549	154,957
Total operations and maintenance	1,199,824	1,607,657
Nonoperating Revenue/(Expense)		
Investment income	32,699	34,772
Total nonoperating revenue/(expense)	32,699	34,772
Total Net Revenue Available for Debt Service	778,986	549,673
Debt Service Requirements		
2013 Water Revenue Refunding Bond	-	111,613
2016 Water Refunding Bond - Series 2016A	-	201,838
2016 Wastewater Refunding Bond - Series 2016A	174,713	-
Total Debt Service	174,713	313,451
Net Revenue after Debt Service	\$ 604,273	\$ 236,222
Debt Service Coverage Ratio	4.46	1.75
Rate Stabilization Fund:		
Beginning balance at July 1, 2023	\$ -	\$ 135,000
Transfer to Water Enterprise Fund	-	-
Ending balance at June 30, 2024	\$ -	\$ 135,000

BRYANT L. JOLLEY

CERTIFIED PUBLIC ACCOUNTANTS

Bryant L. Jolley C.P.A.
Ryan P. Jolley C.P.A.
Darryl L. Smith C.P.A.
Luis A. Perez C.P.A.
Lan T. Kimoto

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*

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

We have audited, in accordance with the 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, 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, California, (the “City”) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City’s basic financial statements, and have issued our report thereon dated March 21, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City’s internal control. Accordingly, we do not express an opinion on the effectiveness of City’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.

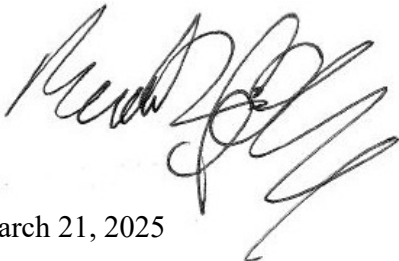
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters 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 our 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 be "Renee J. [unclear]", written in a cursive style.

March 21, 2025

CITY OF FIREBAUGH
MANAGEMENT REPORT
FOR THE YEAR ENDED JUNE 30, 2024

**TABLE OF
CONTENTS**

	<u>Page</u>
Required Communications	1 - 3

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

We 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 for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 4, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management has determined the economic useful lives of fixed assets based on past history of similar types of assets, future plans as to their use, and other factors that impact their economic value to the City. We evaluated the key factors and assumptions used by management in computing depreciation expense and believe that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for doubtful accounts is based on an evaluation of collectability primarily focused on past due accounts. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of the net pension liability and Net OPEB liability and related deferrals is based on actuarial valuations which include significant assumptions regarding discount rate, inflation, payroll growth, projected salary increases and investment rate of return. We evaluated the key factors and assumptions used to develop the liability and related deferrals in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 21, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to City of Firebaugh's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as City of Firebaugh's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

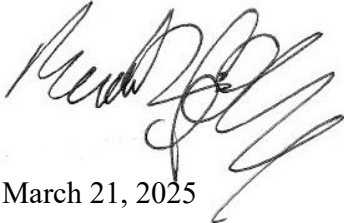
We applied certain limited procedures to the Budgetary Comparison Schedules, Proportionate Share of Net Pension Liability, and Schedule of Contributions which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, as listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the City Council and management of City of Firebaugh and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to be "Kevin J. [unclear]", written over a faint circular stamp.

March 21, 2025