

City of Chowchilla | California

Financial Statements

For the Year Ended June 30, 2023



PRICE PAIGE & COMPANY
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Chowchilla, 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 Chowchilla, California (the City), as of and for the year ended June 30, 2023, 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 as of June 30, 2023, 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

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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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules, schedule of the City's Proportionate Share of the Net Pension Liability, and Schedule of Contributions, as noted on the table of contents 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's basic financial statements. The accompanying combining 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 nonmajor fund financial statements and the schedule of expenditures of federal awards 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 29, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
March 29, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Chowchilla (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with information that is included within the financial statements.

FINANCIAL HIGHLIGHTS

The assets of the City exceeded its liabilities as of June 30, 2023 by \$69,133,386. Of this amount, unrestricted net position of \$(2,152,143) may be used to meet the City's ongoing obligations to citizens and creditors. As of June 30, 2022, the assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$69,604,535 with unrestricted deficit net position totaling \$1,554,013.

Total net position decreased by \$471,149 during the year ended June 30, 2023. Net position associated with governmental activities decreased by \$1,943,310 while net position associated with business-type activities increased by \$1,472,161. For the year ended June 30, 2022, total net position increased by \$19,134,242 with net position associated with governmental activities increasing by \$17,256,092 and net position associated with business-type activities increasing by \$1,878,150.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$28,610,846, an increase of \$89,609 compared with the prior year. Of this amount, \$11,255,284 is available for spending and \$17,355,562 is restricted or otherwise designated for specific future uses. For the year ended June 30, 2022, the City's governmental funds had combined ending fund balances of \$28,521,237, with \$9,761,567 being available for spending and \$18,759,670 restricted for specific future uses. The combined ending fund balances as of June 30, 2022 represented an increase of \$6,897,913 over the June 30, 2021 combined ending fund balances.

At the end of the current fiscal year, the fund balance for the general fund was \$13,926,585 or 125 percent of general fund operating expenditures for the year ended June 30, 2023. The general fund's fund balance increased by \$5,403,820 for the year ended June 30, 2022. At the end of the prior fiscal year, the fund balance of the general fund was \$12,532,988 or 152 percent of that year's general fund operating expenditures. The general fund's fund balance increased by \$5,403,820 during the prior year.

The City's total debt obligations (excluding post-retirement benefits) decreased by \$851,208. This was attributable to not issuing any new debt in FY 2023 and making our scheduled principal payments on pre-existing debt. During the prior year, total debt obligations decreased by \$946,995.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs,

regardless of the timing of related cash flows. Thus, revenue and expense are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, culture and recreation, community development and other charges. The business-type activities of the City include water, sewer, storm drain and solid waste disposal systems, as well as airport activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balance provide reconciliations to facilitate this comparison between the two.

The City maintains 56 individual governmental funds. Many funds are grouped together by purpose or type for financial reporting purposes. There are 16 governmental funds presented for financial statement purposes. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance for the general fund, which is considered a major fund, three special revenue funds, one debt service fund and one capital projects fund which are presented separately for the purpose of consistency. Data from the other ten special revenue funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for its general fund and all special revenue funds. Budgetary comparison statements have been provided for the general fund and the major special revenue funds to demonstrate compliance with the 2022/2023 budget.

Proprietary funds. The City maintains two different types of proprietary funds enterprise funds and internal service fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains five individual enterprise funds. Information is presented separately in the proprietary Statement of Net Position and the proprietary Statement of Revenues, Expenses and Changes in Net Position for all five enterprise funds.

An internal service fund is used to accumulate and allocate costs internally among the City's various functions. The City uses two internal service funds to account for its fleet maintenance and information technology activities. These funds costs are allocated amongst all funds that use those services, both governmental and business-type, so the funds themselves are excluded in the government-wide financial statements but are presented separately in the proprietary funds' financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. The combining statements referred to earlier in connection with the nonmajor funds are presented after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2023, the City's assets exceeded liabilities by \$69,133,386. A significant portion of the City's net position (44 percent) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to citizens and they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following schedules represent a summary of the City's net position and activities for the year ended June 30, 2023, with a comparison to the total net position and activities for the year ended June 30, 2022:

Statements of Net Position June 30, 2023 and 2022

	Governmental Activities		Business-Type Activities		Totals	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Assets						
Current and other assets	\$ 55,781,454	\$ 58,298,813	\$ 10,063,991	\$ 8,932,958	\$ 65,845,445	\$ 67,231,771
Capital assets	23,908,904	22,186,080	24,920,735	24,000,938	48,829,639	46,187,018
Total assets	79,690,358	80,484,893	34,984,726	32,933,896	114,675,084	113,418,789
Deferred Outflows of Resources	5,416,381	6,494,375	856,727	1,131,789	6,273,108	7,626,164
Liabilities						
Long-term liabilities	29,534,189	27,358,400	14,451,940	14,240,294	43,986,129	41,598,694
Other liabilities	4,625,503	5,073,287	907,147	538,714	5,532,650	5,612,001
Total liabilities	34,159,692	32,431,687	15,359,087	14,779,008	49,518,779	47,210,695
Deferred Inflows of Resources	2,035,747	3,692,971	260,280	536,752	2,296,027	4,229,723
Net Position						
Net investment in capital assets	16,939,336	15,025,723	13,339,486	12,771,444	30,278,822	27,797,167
Restricted	40,690,404	40,253,355	316,303	-	41,006,707	40,253,355
Unrestricted (deficit)	(8,718,440)	(4,424,468)	6,566,297	5,978,481	(2,152,143)	1,554,013
Total net position, restated	\$ 48,911,300	\$ 50,854,610	\$ 20,222,086	\$ 18,749,925	\$ 69,133,386	\$ 69,604,535

Statements of Activities
For the Years Ended June 30, 2023 and 2022

	Governmental Activities		Business-Type Activities		Totals	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Revenues:						
Program revenues:						
Charges for services	\$ 2,343,716	\$ 2,975,791	\$ 7,571,247	\$ 6,851,615	\$ 9,914,963	\$ 9,827,406
Operating grants and contributions	3,601,808	2,283,132	45,874	25,453	3,647,682	2,308,585
Capital grants and contributions	1,460,515	502,203	457,332	30,800	1,917,847	533,003
General revenues:						
Property taxes	1,335,352	1,140,855	12,622	20,779	1,347,974	1,161,634
Sales taxes	5,239,148	5,191,215	-	-	5,239,148	5,191,215
Transient lodging taxes	379,288	370,300	-	-	379,288	370,300
Franchises fees	352,200	301,133	-	-	352,200	301,133
Documentary stamp	54,161	72,147	-	-	54,161	72,147
Motor vehicle-in-lieu - unrestricted	2,991,612	2,705,095	-	-	2,991,612	2,705,095
Investment earnings	1,077,017	500,639	147,114	19,346	1,224,131	519,985
Rental income	90,194	94,920	-	-	90,194	94,920
Legal settlement	-	400,000	-	-	-	400,000
American Rescue Plan Act	-	4,380,142	-	-	-	4,380,142
Miscellaneous	228,787	307,628	289,124	234,153	517,911	541,781
Gain/loss on sale of capital assets	-	1,906	827	1,280	827	3,186
Total revenues	<u>19,153,798</u>	<u>21,227,106</u>	<u>8,524,140</u>	<u>7,183,426</u>	<u>27,677,938</u>	<u>28,410,532</u>
Expenses:						
General government	2,591,145	(36,132)	-	-	2,591,145	(36,132)
Public safety	10,716,952	712,460	-	-	10,716,952	712,460
Highways and streets	2,280,766	1,951,088	-	-	2,280,766	1,951,088
Culture and recreation	1,133,294	146,001	-	-	1,133,294	146,001
Community development	2,133,767	189,115	-	-	2,133,767	189,115
Interest and fiscal charges	995,047	1,019,279	-	-	995,047	1,019,279
Water	-	-	3,899,696	2,319,312	3,899,696	2,319,312
Solid waste	-	-	2,096,463	1,792,268	2,096,463	1,792,268
Sewer	-	-	2,089,916	1,141,244	2,089,916	1,141,244
Airport	-	-	58,606	57,864	58,606	57,864
Storm drain	-	-	153,435	43,913	153,435	43,913
Total expenses	<u>19,850,971</u>	<u>3,981,811</u>	<u>8,298,116</u>	<u>5,354,601</u>	<u>28,149,087</u>	<u>9,336,412</u>
Transfers	<u>(1,246,137)</u>	<u>(49,325)</u>	<u>1,246,137</u>	<u>49,325</u>	<u>-</u>	<u>-</u>
Changes in net position	(1,943,310)	17,195,970	1,472,161	1,878,150	(471,149)	19,074,120
Net position at beginning of year, restated	50,854,610	33,658,640	18,749,925	16,871,775	69,604,535	50,530,415
Net position at end of year	<u>\$ 48,911,300</u>	<u>\$ 50,854,610</u>	<u>\$ 20,222,086</u>	<u>\$ 18,749,925</u>	<u>\$ 69,133,386</u>	<u>\$ 69,604,535</u>

Governmental activities. Governmental activities decreased the City's net position by \$1,943,310 (a decrease of \$19,139,280 compared to the prior year). This was due primarily to the decrease in COVID-related funding that was available, increase in construction projects and the GASB 68 calculation regarding pension obligations resulted in a \$3.5M negative adjustment.

Business-type activities. Business-type activities increased the City's net position by \$1,472,161 (an increase of \$1,878,150 compared to the prior year). This is primarily due to rate increases per the Proposition 218.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The purpose of the City's governmental fund financial statements is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, an unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2023, the City's governmental funds reported combined ending fund balances of \$28,610,846, an increase of \$89,609 in comparison to the prior year. Of this amount, \$11,255,284 (39 percent) was unassigned, which is available for spending at the City's discretion. The remainder of the fund balance is assigned to indicate that it is not available for new spending because it has already been designated to liquidate contracts and purchase orders of the prior period or cover the next year budget deficit (\$403,029), committed by the Council (\$910,223), restricted by external entities (\$15,578,576) or nonspendable because the assets that will not be converted to cash within the next twelve months (\$424,731).

The general fund is the City's chief operating fund. At the end of the current fiscal year, the spendable portion of the fund balance of the general fund was \$12,149,599 while the total fund balance was \$13,926,585. As a measure of the general fund's liquidity, it may be useful to compare both the spendable portion of the fund balance and total fund balance to total fund expenditures. Spendable portion of the fund balance represents 109 percent of total general fund operating expenditures, while total fund balance represents 125 percent of the same amount.

The fund balance of the City's general fund increased by \$1,393,597 during the year ended June 30, 2023. Expenditures increased by 36% and revenue decreased by 32% resulting in an excess of expenditure over revenues of \$1,751,375. There was \$4,540,672 transferred from other funds to the general fund, \$1,400,783 transferred from the general fund to other funds and \$5,083 of proceeds from sale of capital assets.

Major special revenue funds have a combined fund balance of \$7,808,022, all of which is restricted by external entities for various activities.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary funds was \$6,549,366 as of June 30, 2023. The total increase in the net position of the proprietary funds was \$1,487,903 for the year. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund final budgeted expenditures were greater than the original budgeted expenditures by \$1,304,553. Actual expenditures were \$37,066 more than final budgeted expenditures. Final anticipated revenue was \$968,929 less than original anticipated revenue. Actual total revenue was \$812,313 less than the final anticipated revenue. These numbers represent original City budget information and are not necessarily reflective of the activity reported in the budgetary comparison schedules. Management believes this information is the most accurate and useful for the users of the financial statements.

The decrease in actual revenues versus final budgeted revenues is due to not receiving the anticipating funding that was included in the budget. The decrease in actual expenditures versus final budgeted expenditures is due to the timing of projects being completed.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's total capital assets for its governmental and business-type activities as of June 30, 2023 amounted to \$48,829,639 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, service lines, automobiles, equipment and streetlights. In addition, all sidewalks, bridges and roads within the city limits belong to the City.

City of Chowchilla's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 721,926	\$ 721,926	\$ 2,031,405	\$ 2,030,152	\$ 2,753,331	\$ 2,752,078
Construction in progress	5,681,063	3,038,329	1,725,673	270,803	7,406,736	3,309,132
Land improvements	329,994	404,542	342,875	380,434	672,869	784,976
Building improvements	4,160,864	4,386,064	2,095,954	2,174,884	6,256,818	6,560,948
Right-to-use leased buildings and improvements	18,660	29,219	-	-	18,660	29,219
SBITA Right to use asset	51,610	-	-	-	51,610	-
Machinery, equipment and vehicles	2,514,360	2,570,425	921,453	990,367	3,435,813	3,560,792
Infrastructure	10,430,427	11,035,575	17,803,375	18,154,298	28,233,802	29,189,873
Total, restated	<u>\$ 23,908,904</u>	<u>\$ 22,186,080</u>	<u>\$ 24,920,735</u>	<u>\$ 24,000,938</u>	<u>\$ 48,829,639</u>	<u>\$ 46,187,018</u>

Major capital asset events during the year ended June 30, 2023 included the following:

- Various infrastructure improvements amounted to \$4,097,604.

Additional information on the City's capital assets can be found in Note 6.

Long-term liabilities. As of June 30, 2023, the City had \$40,698,399 in outstanding long-term debt consisting of four revenue bond issues (\$18,035,000), two loans from the State of California (\$12,397,858), one Pension Obligation Bond (\$9,235,000), net unamortized bond premiums/discounts (\$512,239) and compensated absences (\$518,302). The revenue bonds are obligations of the water, sewer and general fund. Principal payments on the revenue bonds during the year reduced the amount owed by \$300,000. There was a \$80,150 principal decrease in the loans payable to the State of California for the completion of the City-wide water meter upgrade project which is an obligation of the water fund.

The City's total debt obligations (including post-retirement benefits) decreased by \$2,387,435. Compensated absences payable increased by \$46,685 during the year.

City of Chowchilla's Outstanding Bonds, Leases and Loans

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Bonds	\$ 16,165,000	\$ 16,890,000	\$ 11,105,000	\$ 11,175,000	\$ 27,270,000	\$ 28,065,000
Leases	33,241	48,044	-	-	33,241	48,044
SBITA liability	38,745	-	-	-	38,745	-
Loans	9,913,215	9,913,215	2,484,643	2,564,793	12,397,858	12,478,008
Total	<u>\$ 26,150,201</u>	<u>\$ 26,851,259</u>	<u>\$ 13,589,643</u>	<u>\$ 13,739,793</u>	<u>\$ 39,739,844</u>	<u>\$ 40,591,052</u>

Additional information on the City's long-term liabilities can be found in Note 8.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City continues to focus on maintaining a balanced budget and forecasting the needed resources to provide efficient and effective levels of service to the public. The City Council and staff continue to follow a conservative approach to the public's finances. The increase in property taxes (roughly 15%) for FY 22/23 for the City, driven by the construction of more houses, is indeed a significant indicator of economic growth and stability within the City. Various economic outlook indicators in California, require Chowchilla and most public agencies in California to look at multi-year budget projections and prepare for possible outcomes of the future. FY 22/23 has a more stable outlook on revenues for Chowchilla after seeing the impacts COVID 19 had on our community. Due to the City Council approving a conservative budget and dedication to building reserve levels the past few years, Chowchilla positioned itself well for any negative economic fluctuations.

This conservative fiscal position does not mean that future goals and objectives are put aside, but rather, that each dollar spent is leveraged to its maximum so that we can continue to aggressively pursue the goals that our community so desperately needs. These needs can be captured in the City's five Cornerstone Goals:

- Provide a safe and secure community.
- Strengthen infrastructure and proactively plan for services, finances and processes.
- Achieve and maintain fiscal reinforcement and growth.
- Enhance the quality of life and sense of place.
- Foster economic development and revenue production.

Specific goals, outcomes, and strategies to reach the outcomes under each of the Cornerstones can be found in the City's Annual Adopted Budget document under individual department sections.

The City's budget process, financial policies, and financial metrics are very transparent. This reflects the strategic priorities of the Council and demonstrates accountability to the tax and ratepayers. The City's budget document meets Government Finance Officers' Association standards and the City has been awarded the GFOA Distinguished Budget Presentation Award for the last 5 consecutive years.

The biggest economic factor in both the immediate and long-term range has been inflation. The cost of just about everything has increased. This has caused developments to pause because the costs are high to build and interest rates are high for loans. The City is currently working with Century Communities on a residential project that will have roughly 200 homes built. Construction is anticipated to start in FY 2024-25 and be completed in FY 2026-27 .

As mentioned above, Chowchilla is seeing some renewed interest in all the community and economic development sectors. We have seen an increase in business license and building permits as a result. Commercial, Industrial and Residential sectors are seeing increased activity. There are multiple residential projects in the works with already approved maps and development agreements in place. AutoZone's distribution center is anticipated to be completed in FY 2024-25 and will be over 540,000 square feet. This will bring over 300 jobs to our community. With the new and more accepted "work from home" business model, there is a benefit for people to live in Chowchilla where cost of living is reasonable and work in the larger market cities that pay more. The County of Madera has seen this increase in demand as well.

Increased costs are going to be a significant issue to address. Everything is costing more now. Construction costs, supplies, gas, to name a few, have skyrocketed in costs over the last few months and are causing budget and timing issues. The City will be monitoring these issues and forecasting accordingly.

Even though the City issued Pension Obligation Bonds in 2019 to address the significant issue of CalPERS Unfunded Liabilities, there have been new Unfunded Liabilities since then that the City has to keep an eye on. Even when the PERS Investment Portfolio performs at or above expectations, we still see an increase in Unfunded Liabilities because of changes in actuarial assumptions.

Measure N, a 1% district sales tax add-on approved in 2018, is a Public Safety Measure which the funds are used to upgrade and purchase equipment as well as help with recruitment and retention of public safety employees. Retention of current employees due to increases in pension costs is allowed under this measure. This measure has performed very well and has been coming in with more revenue than previously expected. The FY 2023-24 budget has the use of Measure N monies to help pay for building improvements at the Police station and Phase II of the fire station expansion. All these items have been needed for quite some time and could not have been accomplished without Measure N. We have also used Measure N to hire additional personnel for both the Police and Fire Departments.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF CHOWCHILLA | JUNE 30, 2023
Statement of Net Position

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 26,280,821	\$ 8,699,512	\$ 34,980,333
Restricted cash and investments with fiscal agents	494,940	316,303	811,243
Accounts receivable, net	504,273	739,031	1,243,304
Intergovernmental receivables	4,571,343	236,364	4,807,707
Leases receivable	135,233	-	135,233
Notes receivable, net	23,696,427	-	23,696,427
Prepaid items	9,909	-	9,909
Prepaid bond insurance	16,433	55,850	72,283
Due from Successor Agency	89,006	-	89,006
Internal balances	(16,931)	16,931	-
Capital assets:			
Nondepreciable	6,402,989	3,757,078	10,160,067
Depreciable, net of accumulated depreciation/amortization	17,505,915	21,163,657	38,669,572
Total assets	79,690,358	34,984,726	114,675,084
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan in current fiscal year	649,805	88,389	738,194
Deferred outflows of resources from pensions	4,766,576	768,338	5,534,914
Total deferred outflows of resources	5,416,381	856,727	6,273,108
LIABILITIES			
Accounts payable	685,577	593,507	1,279,084
Accrued salaries, wages, and benefits	149,246	-	149,246
Deposits	128,515	273,856	402,371
Accrued interest	3,662,165	39,784	3,701,949
Long-term liabilities:			
Lease liability due within one year	15,880	-	15,880
Long-term debt due within one year	975,800	280,447	1,256,247
Lease liability due in more than one year	17,361	-	17,361
Long-term debt due in more than one year	25,695,452	13,785,445	39,480,897
Net pension liability	2,829,696	386,048	3,215,744
Total liabilities	34,159,692	15,359,087	49,518,779
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources from leases	76,235	-	76,235
Deferred inflows of resources from pensions	1,959,512	260,280	2,219,792
Total deferred inflows of resources	2,035,747	260,280	2,296,027
NET POSITION			
Net investment in capital assets	16,939,336	13,339,486	30,278,822
Restricted for:			
Highway and streets	7,320,725	-	7,320,725
Community development	25,330,557	-	25,330,557
Public safety	3,199,701	-	3,199,701
Construction projects	4,344,018	-	4,344,018
Debt service	495,403	316,303	811,706
Unrestricted	(8,718,440)	6,566,297	(2,152,143)
Total net position	\$ 48,911,300	\$ 20,222,086	\$ 69,133,386

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

CITY OF CHOWCHILLA | JUNE 30, 2023

Statement of Activities

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental activities:							
General government	\$ 2,591,145	\$ 205,025	\$ 13,122	\$ -	\$ (2,372,998)	\$ -	\$ (2,372,998)
Public safety	10,716,952	259,363	212,123	-	(10,245,466)	-	(10,245,466)
Highways and streets	2,280,766	1,207,510	2,745,979	1,449,892	3,122,615	-	3,122,615
Culture and recreation	1,133,294	27,450	16,227	-	(1,089,617)	-	(1,089,617)
Community development	2,133,767	644,368	614,357	10,623	(864,419)	-	(864,419)
Interest and fiscal charges	995,047	-	-	-	(995,047)	-	(995,047)
Total governmental activities	19,850,971	2,343,716	3,601,808	1,460,515	(12,444,932)	-	(12,444,932)
Business-type activities:							
Water	3,899,696	3,049,345	-	195,783	-	(654,568)	(654,568)
Solid waste	2,096,463	2,308,210	5,047	-	-	216,794	216,794
Sewer	2,089,916	1,971,720	-	-	-	(118,196)	(118,196)
Airport	58,606	18,889	40,827	261,549	-	262,659	262,659
Storm drain	153,435	223,083	-	-	-	69,648	69,648
Total business-type activities	8,298,116	7,571,247	45,874	457,332	-	(223,663)	(223,663)
Total	\$ 28,149,087	\$ 9,914,963	\$ 3,647,682	\$ 1,917,847	(12,444,932)	(223,663)	(12,668,595)
General revenues:							
Taxes:							
Property					1,335,352	12,622	1,347,974
Sales					5,239,148	-	5,239,148
Transient lodging					379,288	-	379,288
Franchise					352,200	-	352,200
Documentary stamp					54,161	-	54,161
Motor vehicle-in-lieu - unrestricted					2,991,612	-	2,991,612
Investment income					1,077,017	147,114	1,224,131
Rental income					90,194	-	90,194
Miscellaneous					228,787	289,124	517,911
Gain on sale of capital assets					-	827	827
Transfers					(1,246,137)	1,246,137	-
Total general revenues and transfers					10,501,622	1,695,824	12,197,446
Change in net position					(1,943,310)	1,472,161	(471,149)
Net position - beginning					50,854,610	18,749,925	69,604,535
Net position - ending					\$ 48,911,300	\$ 20,222,086	\$ 69,133,386

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

FUND FINANCIAL STATEMENTS

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023

Governmental Funds

Balance Sheet

		Special Revenue					Other	Total
	General	CDBG Grants	Impact Fees	Measure N	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
ASSETS								
Cash and investments	\$ 11,502,093	\$ 75,753	\$ 4,753,419	\$ 2,735,328	\$ 19,197	\$ -	\$ 6,986,015	\$ 26,071,805
Restricted cash and investments with fiscal agents	-	-	-	-	494,940	-	-	494,940
Accounts receivable, net	474,693	53	-	-	-	-	29,463	504,209
Intergovernmental receivables	763,658	198,264	-	468,935	-	34,714	3,105,772	4,571,343
Leases receivable	135,233	-	-	-	-	-	-	135,233
Notes receivable, net	-	22,179,615	-	-	-	-	1,516,812	23,696,427
Due from other funds	1,390,503	-	-	-	-	-	-	1,390,503
Prepaid items	14,699	-	-	-	-	-	-	14,699
Prepaid bond insurance	-	-	-	-	16,433	-	-	16,433
Advances to other funds	410,032	-	-	-	-	-	-	410,032
Total assets	<u>\$ 14,690,911</u>	<u>\$ 22,453,685</u>	<u>\$ 4,753,419</u>	<u>\$ 3,204,263</u>	<u>\$ 530,570</u>	<u>\$ 34,714</u>	<u>\$ 11,638,062</u>	<u>\$ 57,305,624</u>
LIABILITIES								
Accounts payable	\$ 396,654	\$ 9,136	\$ -	\$ 4,562	\$ -	\$ 9,688	\$ 198,368	\$ 618,408
Deposits	128,515	-	-	-	-	-	-	128,515
Due to other funds	-	-	-	-	-	24,395	1,254,032	1,278,427
Advances from other funds	-	-	410,032	-	-	-	-	410,032
Total liabilities	<u>525,169</u>	<u>9,136</u>	<u>410,032</u>	<u>4,562</u>	<u>-</u>	<u>34,083</u>	<u>1,452,400</u>	<u>2,435,382</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows from lease proceeds	76,235	-	-	-	-	-	-	76,235
Unavailable revenues	162,922	22,179,615	-	-	-	-	3,840,624	26,183,161
Total deferred inflows of resources	<u>239,157</u>	<u>22,179,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,840,624</u>	<u>26,259,396</u>
FUND BALANCES								
Nonspendable:								
Prepaid expenses	14,699	-	-	-	-	-	-	14,699
Advances to other funds	410,032	-	-	-	-	-	-	410,032
Restricted for:								
Highway and streets	-	-	-	-	-	-	5,870,157	5,870,157
Community development	-	264,934	-	-	-	-	1,369,196	1,634,130
Public safety	-	-	-	3,199,701	-	-	-	3,199,701
Construction projects	-	-	4,343,387	-	35,167	631	-	4,379,185
Debt service	-	-	-	-	495,403	-	-	495,403
Committed to:								
Emergency contingency	910,223	-	-	-	-	-	-	910,223
Assigned to:								
Culture and recreation	39,003	-	-	-	-	-	-	39,003
Subsequent fiscal year budget deficit	403,029	-	-	-	-	-	-	403,029
Unassigned	12,149,599	-	-	-	-	-	(894,315)	11,255,284
Total fund balances	<u>13,926,585</u>	<u>264,934</u>	<u>4,343,387</u>	<u>3,199,701</u>	<u>530,570</u>	<u>631</u>	<u>6,345,038</u>	<u>28,610,846</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,690,911</u>	<u>\$ 22,453,685</u>	<u>\$ 4,753,419</u>	<u>\$ 3,204,263</u>	<u>\$ 530,570</u>	<u>\$ 34,714</u>	<u>\$ 11,638,062</u>	<u>\$ 57,305,624</u>

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

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$ 28,610,846
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	23,475,149
Pension related deferrals are reported as deferred outflows and inflows of resources on the statement of net position:	
Contributions to the pension plan subsequent to the measurement date	616,450
Deferred outflows of resources from pensions	4,482,218
Deferred inflows of resources from pensions	(1,865,451)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Those liabilities consist of:	
Bonds, loans payable, compensated absences, lease related liabilities	(26,114,205)
Net pension liability	(2,684,002)
Interest payable on long-term debt does not require the use of current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(3,662,165)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	26,183,161
Internal service funds are used by management to charge the costs to individual funds. These assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.	<u>(130,701)</u>
Net position of governmental activities	<u>\$ 48,911,300</u>

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

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

	Special Revenue				Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
	General	CDBG Grants	Impact Fees	Measure N				
REVENUES								
Taxes	\$ 4,761,533	\$ -	\$ -	\$ 2,598,614	\$ -	\$ -	\$ -	\$ 7,360,147
Licenses and permits	547,489	-	-	-	-	-	-	547,489
Fines and penalties	182,213	-	-	-	-	-	-	182,213
Intergovernmental revenues	3,246,293	763,459	-	-	-	39,188	2,599,475	6,648,415
Use of money and property	322,990	25,859	121,813	83,876	11,118	-	157,909	723,565
Charges for services	168,802	-	1,240,141	-	-	-	336,325	1,745,268
Miscellaneous	200,894	-	-	446	27,178	-	633	229,151
Total revenues	9,430,214	789,318	1,361,954	2,682,936	38,296	39,188	3,094,342	17,436,248
EXPENDITURES								
Current:								
General government	1,266,681	-	-	1,760	-	-	5,391	1,273,832
Public safety	4,203,095	-	1,755	881,682	-	-	13,287	5,099,819
Highways and streets	-	-	8,796	-	-	-	1,230,002	1,238,798
Culture and recreation	621,623	-	288	-	-	-	-	621,911
Community development	735,678	517,413	-	-	-	-	10,452	1,263,543
Capital outlay	4,354,512	2,013	315,869	-	-	45,040	357,797	5,075,231
Debt service:								
Principal	-	-	-	-	725,000	-	-	725,000
Interest	-	-	-	-	699,101	-	-	699,101
Fiscal charges	-	-	-	-	9,025	-	-	9,025
Total expenditures	11,181,589	519,426	326,708	883,442	1,433,126	45,040	1,616,929	16,006,260
Excess (deficiency) of revenues over (under) expenditures	(1,751,375)	269,892	1,035,246	1,799,494	(1,394,830)	(5,852)	1,477,413	1,429,988
OTHER FINANCING SOURCES (USES)								
Transfers in	4,540,672	-	-	-	1,395,059	5,786	354,247	6,295,764
Transfers out	(1,400,783)	(1,011,829)	(1,288,000)	(1,888,933)	-	-	(1,952,356)	(7,541,901)
Gain (loss) on sale of assets	5,083	-	-	-	-	-	(99,325)	(94,242)
Total other financing sources (uses)	3,144,972	(1,011,829)	(1,288,000)	(1,888,933)	1,395,059	5,786	(1,697,434)	(1,340,379)
Net change in fund balances	1,393,597	(741,937)	(252,754)	(89,439)	229	(66)	(220,021)	89,609
Fund balances - beginning	12,532,988	1,006,871	4,596,141	3,289,140	530,341	697	6,565,059	28,521,237
Fund balances - ending	\$ 13,926,585	\$ 264,934	\$ 4,343,387	\$ 3,199,701	\$ 530,570	\$ 631	\$ 6,345,038	\$ 28,610,846

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

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Government-Wide Statement of Activities

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

Net change in fund balances - total governmental funds	\$ 89,609
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital outlay	3,026,341
Depreciation expense	(1,398,596)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase (decrease) net position.	(88,876)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Repayment of the principal of long-term debt	725,000
Amortization on bond discounts and premiums	(3,452)

Accrued interest payable on long-term debt is reported in the government-wide statement of activities, but does not require the use of current financial resources. This amount represents the change in accrued interest payable not reported in governmental funds.	(286,455)
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Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(5,610,116)
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The distribution of housing loans and corresponding payments that were recognized in the governmental funds are not recognized in the statement of activities.	443,646
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,277,402
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The changes in net position of certain activities of the internal service funds is reported within governmental activities.	<u>(117,813)</u>
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Change in net position of governmental activities	<u>\$ (1,943,310)</u>
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CITY OF CHOWCHILLA | JUNE 30, 2023
Proprietary Funds
Statement of Net Position

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Solid Waste	Sewer	Other Enterprise Funds	Total	Internal Service Funds
ASSETS						
Current assets:						
Cash and investments	\$ 2,243,769	\$ 663,613	\$ 3,474,972	\$ 2,317,158	\$ 8,699,512	\$ 209,016
Restricted cash and investments with fiscal agents	180,300	-	136,003	-	316,303	-
Accounts receivable, net	269,893	239,943	205,855	23,340	739,031	64
Intergovernmental receivables	-	-	30,907	205,457	236,364	-
Prepaid items	-	-	-	-	-	(4,790)
Prepaid bond insurance	49,969	-	5,881	-	55,850	-
Total current assets	<u>2,743,931</u>	<u>903,556</u>	<u>3,853,618</u>	<u>2,545,955</u>	<u>10,047,060</u>	<u>204,290</u>
Noncurrent assets:						
Capital assets:						
Nondepreciable	83,672	-	1,380,954	2,292,452	3,757,078	165,683
Depreciable, net of accumulated depreciation	<u>14,637,792</u>	<u>-</u>	<u>5,990,439</u>	<u>535,426</u>	<u>21,163,657</u>	<u>268,072</u>
Total noncurrent assets	<u>14,721,464</u>	<u>-</u>	<u>7,371,393</u>	<u>2,827,878</u>	<u>24,920,735</u>	<u>433,755</u>
Total assets	<u>17,465,395</u>	<u>903,556</u>	<u>11,225,011</u>	<u>5,373,833</u>	<u>34,967,795</u>	<u>638,045</u>
DEFERRED OUTFLOWS OF RESOURCES						
Contributions to pension plan in current fiscal year	50,679	-	32,575	5,135	88,389	33,355
Deferred outflows of resources from pensions	<u>441,365</u>	<u>-</u>	<u>283,043</u>	<u>43,930</u>	<u>768,338</u>	<u>284,358</u>
Total deferred outflows of resources	<u>492,044</u>	<u>-</u>	<u>315,618</u>	<u>49,065</u>	<u>856,727</u>	<u>317,713</u>
LIABILITIES						
Current liabilities:						
Accounts payable	104,621	265,381	17,605	205,900	593,507	67,169
Accrued salaries, wages, and benefits	-	-	-	-	-	149,246
Deposits	273,856	-	-	-	273,856	-
Due to other funds	-	-	-	-	-	23,070
Accrued interest	28,899	-	10,885	-	39,784	-
Compensated absences	-	-	-	-	-	382,055
Current portion of subscription liability	-	-	-	-	-	18,900
Current portion of lease liabilities	-	-	-	-	-	15,880
Current portion of long-term debt	<u>240,447</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>280,447</u>	<u>-</u>
Total current liabilities	<u>647,823</u>	<u>265,381</u>	<u>68,490</u>	<u>205,900</u>	<u>1,187,594</u>	<u>656,320</u>
Noncurrent liabilities:						
Compensated absences	-	-	-	-	-	136,247
Net pension liability	221,334	-	142,285	22,429	386,048	145,694
Subscription liability - long-term	-	-	-	-	-	19,845
Lease liabilities	-	-	-	-	-	17,361
Long-term debt	<u>10,771,633</u>	<u>-</u>	<u>3,013,812</u>	<u>-</u>	<u>13,785,445</u>	<u>-</u>
Total noncurrent liabilities	<u>10,992,967</u>	<u>-</u>	<u>3,156,097</u>	<u>22,429</u>	<u>14,171,493</u>	<u>319,147</u>
Total liabilities	<u>11,640,790</u>	<u>265,381</u>	<u>3,224,587</u>	<u>228,329</u>	<u>15,359,087</u>	<u>975,467</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources from pensions	<u>150,393</u>	<u>-</u>	<u>95,383</u>	<u>14,504</u>	<u>260,280</u>	<u>94,061</u>
Total deferred inflows of resources	<u>150,393</u>	<u>-</u>	<u>95,383</u>	<u>14,504</u>	<u>260,280</u>	<u>94,061</u>
NET POSITION (DEFICIT)						
Net investment in capital assets	6,194,027	-	4,317,581	2,827,878	13,339,486	417,875
Restricted:						
Debt service	180,300	-	136,003	-	316,303	-
Unrestricted	<u>(208,071)</u>	<u>638,175</u>	<u>3,767,075</u>	<u>2,352,187</u>	<u>6,549,366</u>	<u>(531,645)</u>
Total net position (deficit)	<u>\$ 6,166,256</u>	<u>\$ 638,175</u>	<u>\$ 8,220,659</u>	<u>\$ 5,180,065</u>	<u>20,205,155</u>	<u>\$ (113,770)</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time					<u>16,931</u>	
Net position of business-type activities					<u>\$ 20,222,086</u>	

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

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Solid Waste	Sewer	Other Enterprise Funds	Total	Internal Service Funds
Operating revenues:						
Charges for services	\$ 3,049,345	\$ 2,308,210	\$ 1,971,720	\$ 241,972	\$ 7,571,247	\$ 1,079,020
Miscellaneous	80,341	51,418	89,568	9,580	230,907	331
Total operating revenues	<u>3,129,686</u>	<u>2,359,628</u>	<u>2,061,288</u>	<u>251,552</u>	<u>7,802,154</u>	<u>1,079,351</u>
Operating expenses:						
Personnel services	1,221,077	-	804,278	108,222	2,133,577	723,331
Materials, supplies and services	1,821,022	2,096,463	828,615	72,209	4,818,309	436,721
Depreciation	506,149	-	311,679	31,610	849,438	52,647
Total operating expenses	<u>3,548,248</u>	<u>2,096,463</u>	<u>1,944,572</u>	<u>212,041</u>	<u>7,801,324</u>	<u>1,212,699</u>
Operating income (loss)	<u>(418,562)</u>	<u>263,165</u>	<u>116,716</u>	<u>39,511</u>	<u>830</u>	<u>(133,348)</u>
Nonoperating revenues (expenses):						
Use of money and property	55,002	12,803	71,136	8,173	147,114	-
Taxes	-	-	-	70,839	70,839	-
Grants - capital	-	-	-	487,332	487,332	-
Grants - operating	-	5,047	-	10,827	15,874	-
Gain (loss) on sale of assets	-	-	827	-	827	3
Interest expense	(342,461)	-	(138,589)	-	(481,050)	(3,197)
Total nonoperating revenues (expenses)	<u>(287,459)</u>	<u>17,850</u>	<u>(66,626)</u>	<u>577,171</u>	<u>240,936</u>	<u>(3,194)</u>
Income (loss) before transfers	<u>(706,021)</u>	<u>281,015</u>	<u>50,090</u>	<u>616,682</u>	<u>241,766</u>	<u>(136,542)</u>
Transfers in	53,481	-	-	3,420,332	3,473,813	-
Transfers out	<u>(4,011)</u>	<u>(5,278)</u>	<u>(5,278)</u>	<u>(2,213,109)</u>	<u>(2,227,676)</u>	<u>-</u>
Change in net position	<u>(656,551)</u>	<u>275,737</u>	<u>44,812</u>	<u>1,823,905</u>	<u>1,487,903</u>	<u>(136,542)</u>
Net position (deficit) - beginning	<u>6,822,807</u>	<u>362,438</u>	<u>8,175,847</u>	<u>3,356,160</u>		<u>22,772</u>
Net position (deficit) - ending	<u>\$ 6,166,256</u>	<u>\$ 638,175</u>	<u>\$ 8,220,659</u>	<u>\$ 5,180,065</u>		<u>\$ (113,770)</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds					<u>(15,742)</u>	
Changes in net position of business-type activities					<u>\$ 1,472,161</u>	

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

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023
Proprietary Funds
Statement of Cash Flows

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Solid Waste	Sewer	Other Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 3,164,968	\$ 2,365,044	\$ 2,029,509	\$ 251,087	\$ 7,810,608	\$ 1,078,956
Payments to suppliers	(1,864,693)	(1,951,332)	(926,014)	133,300	(4,608,739)	(594,084)
Payments to employees	(612,514)	-	(438,838)	(57,934)	(1,109,286)	(234,580)
Other operating revenues	80,341	51,418	89,568	9,580	230,907	331
Net cash provided by (used for) operating activities	768,102	465,130	754,225	336,033	2,323,490	250,623
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Grants received	-	5,047	-	10,827	15,874	-
Transfer from other funds	53,481	-	-	3,420,332	3,473,813	-
Transfer to other funds	(4,011)	(5,278)	(5,278)	(2,213,109)	(2,227,676)	-
Loans from other funds	-	-	-	-	-	23,070
Taxes received	-	-	-	70,839	70,839	-
Net cash provided by (used for) noncapital financing activities	49,470	(231)	(5,278)	1,288,889	1,332,850	23,070
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal paid	(136,400)	-	(38,003)	-	(174,403)	-
Interest paid	(338,582)	-	(133,528)	-	(472,110)	-
Grants received	-	-	-	294,752	294,752	-
Leases paid	-	-	-	-	-	(18,000)
Acquisition of capital assets	(50,593)	-	75,003	(1,681,866)	(1,657,456)	(197,860)
Proceeds from the sale of assets	-	-	827	-	827	3
Net cash provided by (used for) capital and related financing activities	(525,575)	-	(95,701)	(1,387,114)	(2,008,390)	(215,857)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	55,002	12,803	71,136	-	138,941	-
Rents received	-	-	-	8,173	8,173	-
Net cash provided by (used for) investing activities	55,002	12,803	71,136	8,173	147,114	-
Net increase (decrease) in cash and cash equivalents	346,999	477,702	724,382	245,981	1,795,064	57,836
Cash and cash equivalents - beginning	2,077,070	185,911	2,886,593	2,071,177	7,220,751	151,180
Cash and cash equivalents - ending	\$ 2,424,069	\$ 663,613	\$ 3,610,975	\$ 2,317,158	\$ 9,015,815	\$ 209,016

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

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023

Proprietary Funds

Statement of Cash Flows

(Continued)

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Solid Waste	Sewer	Other Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ (418,562)	\$ 263,165	\$ 116,716	\$ 39,511	\$ 830	\$ (133,348)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	506,149	-	311,679	31,610	849,438	52,647
(Increase) decrease in:						
Accounts receivable	67,074	56,834	57,789	9,115	190,812	(64)
Prepaid expenses	-	-	-	-	-	103,933
Net pension liability	599,269	-	371,687	54,745	1,025,701	346,217
Deferred outflows of resources from pensions	160,131	-	101,950	12,981	275,062	55,731
Increase (decrease) in:						
Accounts payable and other liabilities	(43,671)	145,131	(97,399)	205,509	209,570	(125,634)
Deposits	48,549	-	-	-	48,549	-
Compensated absences	-	-	-	-	-	46,686
Deferred inflows of resources from pensions	(150,837)	-	(108,197)	(17,438)	(276,472)	(95,545)
Net cash provided by (used for) operating activities	\$ 768,102	\$ 465,130	\$ 754,225	\$ 336,033	\$ 2,323,490	\$ 250,623

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

CITY OF CHOWCHILLA | JUNE 30, 2023

Fiduciary Funds

Statement of Fiduciary Net Position

	Custodial Funds	Successor Agency Private Purpose Trust Fund
ASSETS		
Cash and investments (in City investment pool)	\$ 2,066,216	\$ -
Restricted cash with fiscal agents	782,190	-
Accounts receivable (net)	20,555	-
Prepaid expenses	-	3,338
Prepaid bond insurance	-	38,631
Long term receivables		43,750
Land held for resale	-	600,667
Total assets	<u>2,868,961</u>	<u>686,386</u>
LIABILITIES		
Accounts payable	3,002	36
Accrued interest	-	55,877
Due to City	-	89,006
Long-term debt due within one year	-	275,000
Long-term debt due in more than one year	-	4,567,379
Total liabilities	<u>3,002</u>	<u>4,987,298</u>
NET POSITION		
Restricted for:		
Individuals, organizations, and other governments	2,865,959	-
Redevelopment agency dissolution	-	(4,300,912)
Total net position	<u>\$ 2,865,959</u>	<u>\$ (4,300,912)</u>

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

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

	Custodial Funds	Successor Agency Private Purpose Trust Fund
ADDITIONS		
Taxes	\$ -	\$ 511,365
Property tax collections	1,558,573	-
Investment earnings	57,558	894
Total additions	<u>1,616,131</u>	<u>512,259</u>
DEDUCTIONS		
Payments to bondholders	1,465,288	-
Administrative expenses	78,187	134,833
Interest	-	125,931
Total deductions	<u>1,543,475</u>	<u>260,764</u>
Change in fiduciary net position	72,656	251,495
Net position (deficit) - beginning	<u>2,793,303</u>	<u>(4,552,407)</u>
Net position (deficit) - ending	<u>\$ 2,865,959</u>	<u>\$ (4,300,912)</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Chowchilla (City) was incorporated on February 7, 1923, as a municipal corporation under the General Laws of the State of California. The City operates as a self-governing local government unit within the State of California. A five-member City Council appoints a City Administrator who administers the daily affairs under the policy guidance of the City Council. The City has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. Voters elect a City Council that passes laws and determines broad policies. The City Council also oversees the operations of the City and approves all budgets, fund transfers, and fund balance reserves. Services provided by the City include public safety, streets and roads, water, sanitation, public improvements, culture and recreation, parks, building inspections, planning and zoning, redevelopment, and general administration.

B. Blended Component Units

A primary government is financially accountable for a component unit if it appoints a voting majority of an organization's governing body and it is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately-elected governing board, a governing board appointed by a higher level of government, or a jointly-appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. Based upon the application of these criteria, the following is a brief description of each component unit included within the City's reporting entity. All such component units have been "blended" as though they are part of the primary government as the component unit's governing body is substantially the same as the City's primary government and there is a financial benefit or burden relationship between the City and the component unit. In addition, management of the City has operational responsibilities for the component unit, and/or the component units provide services almost entirely to the city or for the exclusive benefit of the City, even though it does not provide services directly to it, or the City is entirely or almost entirely responsible for the repayment of the debt of the component unit. Financial information for these component units can be obtained from the City's Administrative Services Department and from the City's website at <http://ci.chowchilla.ca.us>.

The **Public Financing Authority** (the Authority) of the City of Chowchilla was formed on August 14, 1989, for the purpose of assisting the City in the financing of the acquisition, construction and installation of public capital improvements for the use, benefit and enjoyment of the citizens served by the City. The City Council serves as the governing board of the Authority and, therefore, is financially accountable for the operations of the Authority.

The **Chowchilla Housing Authority** (the Housing Authority) was established on January 24, 2012. The Housing Authority was activated pursuant to State Law Section 34240 of the California Health and Safety Code, which allows for every City to establish a housing authority. The Housing Authority is designed to protect local housing funds and programs, provide new revenue opportunities for affordable housing programs, serve the public interest, promote public safety and welfare, and ensure decent, safe, sanitary and affordable housing accommodations to persons of low income.

Since the City Council serves as the governing body of these entities, they are considered blended component units. As a result, the financial activities of these entities are integrally related to those of the City and are "blended" with those of the City.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Government-Wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The *Statement of Activities* presents a comparison between direct expense and program revenues for each different identifiable activity of the City's *business-type activities* and for each function of the City's *governmental activities*. Direct expenses are those that are specifically associated with a program or function and, therefore, are included in the program expense reported for individual function. Certain indirect costs, which cannot be identified and broken down, are included in the program expenses reported for individual functions and activities. Program revenues include: 1) fines, fees, and charges paid by the recipients of goods and 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 instead as general revenues.

Certain eliminations have been made as prescribed by GASB Statement No. 34 with regard to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated: due to/due from other funds, interfund advances to/advances from, and transfers in/transfers out.

Fund Financial Statements – The fund financial statements provide information about the City's funds. 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 and enterprise funds are aggregated and reported as nonmajor funds. An accompanying schedule is presented to reconcile and explain the differences in funds and changes in fund balances as presented in these Statements to the Net Position and Changes in Net Position presented in the government-wide financial statements.

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. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the City except for those required to be accounted for in another fund.

The **Community Development Block Grant Special Revenue Fund** accounts for the revenues received by the various CDBG grants, the uses of those funds (i.e., grants and loans for housing rehabilitation projects), as well as the receipt and re-use of program income generated by the repayment of CDBG loans.

The **Impact Fees Special Revenue Fund** accounts for the accumulation of resources from developers for the expected future capital cost of the City as a result of development. Impact fees collected are restricted for the use of general, police, fire and parks facilities; and streets and roads, signalization, water, sewer and storm drain capital projects.

The **Measure N Special Revenue Fund** accounts for 1% Public Safety Sales Tax add-on that was voter approved in 2018 and became effective April 1, 2019. Monies are allocated between Police and Fire Departments and are used for growth and efficiency of the departments.

The **Debt Service Fund** accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The **Capital Projects Fund** accounts for the acquisition and construction of the City's major capital projects, other than those financed by proprietary funds.

Enterprise fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major enterprise fund and nonmajor fund.

The City has five enterprise funds – water, solid waste, sewer, storm drain and airport. These funds are used to account for operations that are financed and operated in a manner similar to private business enterprise. In an enterprise fund, the intent of the City Council is that the costs (expenses, including depreciation) of providing services to the general public, on a continuing basis, be financed or recovered primarily through user charges.

The City reports the following major enterprise funds:

The **Water Enterprise Fund** accounts for the provision of water to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, distribution, maintenance, and debt service.

The **Solid Waste Enterprise Fund** accounts for the revenues and expenses for operation and maintenance of the solid waste system.

The **Sewer Enterprise Fund** accounts for the provision of wastewater collection and treatment services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, and debt service.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

Additionally, the government reports the following fund types:

Internal Service Funds:

The **Fleet Maintenance Internal Service Fund** accounts for the cost associated with maintaining the citywide fleet of vehicles and rolling stock heavy equipment. Charges are assessed to each department on the basis of time/materials necessary to maintain their equipment.

The **Information Technology Internal Service Fund** accounts for the costs of providing computer and information services. User charges are recovered from other City departments that utilized the services provided.

The **Employee Benefits Internal Service Fund** accounts for compensated absences and other employee benefits that are provided by the City.

Fiduciary Funds:

The **Custodial Funds** accounts for assets held by the City as an agent for special districts.

The **Successor Agency Private Purpose Trust Fund** accounts for assets and liabilities of the former redevelopment agency until they are distributed to other units of state and local government as a result of the dissolution of the redevelopment agency.

Measurement Focus, Basis of Accounting

Government-Wide, Proprietary and Fiduciary Fund Financial Statements – The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using 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 taxes are recognized when the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Property and sales taxes, interest, and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period 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 claims and judgments and compensated absences, are recorded only when payment is due. General capital assets 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 nonoperating items. *Operating revenues*, such as charges for services, result from exchange transactions associated with the principal activity of each fund. *Nonoperating revenues*, such as interest income, state and federal grants and subsidies, result from nonexchange transactions or ancillary activities. *Operating expenses* include costs for providing services and delivering goods such as administrative expenses and depreciation on capital assets. All other expenses not meeting this definition are reported as *nonoperating expenses*.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances

Cash and Cash Equivalents

For purposes of reporting cash flow, the City considers all highly-liquid investments with maturity of three months or less when purchased to be cash and cash equivalents.

Cash and Investments

The City maintains a cash and investment pool that is available for all funds. Each fund-type balance in the pool is reflected on the combined balance sheet as cash and investments. The City apportions interest earnings to all funds based on their quarterly cash balances.

The City pools cash and investments with the City Treasurer except for investments managed by fiscal agents under bonded debt agreements. Interest from bank accounts and investments are allocated quarterly to the various funds based on the fund's contribution to the pool. The City has stated investments at fair value in the statement of net position and balance sheet. The fair value of investments is based on published market prices and quotations from major investment brokers.

Cash and investments with fiscal agent represent funds held by various trustees from proceeds of the issuance of bonds in order to establish required reserve funds and to pay bond issuance costs per the respective trust agreements.

Credit Risk – The City's investment policy limits certain types of investments to various ratings.

Custodial Credit Risk—Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a deposit policy for custodial risk that requires collateralization on certificates of deposit and repurchase (and reverse) agreements. In addition, the City maintains custodial agreements with certain independent third parties.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in any one issuer.

Interest Rate Risk – Reserve funds may be invested in securities exceeding 10 years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

Restricted Assets

Certain proceeds of the general obligation debt and enterprise debt are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants. "Restricted cash and investments with fiscal agents" is used to report resources set aside for potential deficiencies in the repayment ability of the debt service fund and for payment of construction projects undertaken by the City.

Land Held for Resale

Land held for resale is recorded in the Low and Moderate Housing Asset Special Revenue Fund. Land held for resale is valued at the lower cost or estimated net realizable value.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances (Continued)

Internal Balances

Interfund transactions are reflected as loans, services provided or used, or reimbursements or transfers. Loans reported as receivables and payables, as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the *governmental activities* and the *business-type activities* are reported in the fund financial statements and are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Notes Receivable

The City engages in programs designed to encourage construction or improvement of housing for persons with low to moderate income and to encourage business development. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City’s terms. For financial statement purposes, the City has established an estimated allowance for potentially uncollectible loans. The balance of notes receivable includes loans that may be forgiven if certain terms and conditions of the loans are met.

Leases

Lessee: The City is a lessee for a noncancellable lease of a building. The lessee recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases, which it has determined is the prime rate at the inception of the lease.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances (Continued)

Leases (Continued)

Lessor: The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental and enterprise fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the interest rate charged to the lessees as the discount rate. When the interest rate charged to the lessees is not provided, the City generally uses the implied rate of return as the discount rate for leases. When the implied rate of return has not been determined, the City uses its estimated incremental borrowing rate which it has determined is the prime rate at the inception of the lease.
- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Capital Assets

Capital assets, which include public domain (infrastructure) capital assets consisting of certain improvements, including streets (pavements, medians, curbs/gutters, sidewalks, traffic signals, monument signs and bridges), storm drains and water/sewer systems and improvements, are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Generally, capital asset acquisitions in excess of \$5,000 (general capital assets) and \$30,000 (infrastructure) are capitalized if they have an expected useful life of one year or more. Acquisitions of capital assets (including infrastructure) are recorded at historical cost at the time of purchase. Donated capital assets are recorded at their fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the City are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	20-50 years
Buildings and improvements	20-50 years
Machinery, equipment and vehicles	6-10 years
Infrastructure	20-100 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances (Continued)

Subscription-Based Information Technology Arrangements (SBITAs)

Lessee: The City enters into noncancellable subscription-based information technology arrangements (SBITAs) for the acquisition of various information technology services. SBITAs are accounted for in accordance with GASB Statement No. 96.

Upon commencement of a subscription, the City recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. Subscription liabilities are recognized when their initial individual values are \$5,000 or more. The subscription liability is initially measured at the present value of payments expected to be made during the subscription term and is subsequently reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, and any directly attributable initial costs. The subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include determining the discount rate used to discount expected subscription payments to present value, the subscription term, and the composition of subscription payments.

The City generally uses the interest rate charged by the subscription provider as the discount rate. When the interest rate charged by the provider is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs, which is the prime rate at the inception of the subscription.

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused leave time. Permanent employees earn from 12 to 30 vacation days per year depending upon their length of employment. Accumulated vacation days can be carried forward up to 2 years. Each year, by September 30, certain employees may request to receive a cash payment for the value of all or a portion of their accumulated vacation leave. Upon termination or retirement, employees are compensated for the value of accrued vacation leave.

For full-time employees, sick leave is accumulated at the rate of 12 days per year up to a maximum of 250 days. Employees may convert 25% of unused sick leave to vacation time during a fiscal year up to the limit of the employee's maximum vacation accrual level. Upon retirement, employees may also convert a portion of their unused sick leave into service credit through the California Public Employees Retirement System.

The vacation and sick leave balances, along with compensatory leave and holiday hours are reflected in the Employee Benefits Fund, which is part of the Internal Service Funds in the Statement of Net Position.

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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discounts. Bond issuance costs are expensed immediately.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances (Continued)

Pensions

In government-wide financial statements, pensions are recognized and disclosed using the accrual basis of accounting (see Note 11 and the RSI section immediately following the Notes to the Basic Financial Statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for the qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants including retirees, in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they arose. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

Interest Payable

In the government-wide financial statements, interest payable on long-term debt is recognized as a liability when incurred and is not recognized in the governmental funds' financial statements.

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 intergovernmental revenues (primary grants and subventions) received but not earned (qualifying expenditures not yet incurred).

Unavailable Revenue

In the governmental fund financial statements, unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unavailable revenue for transactions for which revenues have been earned, but for which funds are not available to meet current financial obligations.

Transfers

In the fund financial statements interfund transfers are recorded as transfers in (out) except for transactions that are described below:

Charges for services are recorded as revenues of the performing fund and expenditures of the requesting fund. Unbilled costs are recognized as an asset of the performing fund at the end of the fiscal year.

Reimbursements for expenditures, initially made by one fund that is properly applicable to another fund, are recorded as expenditures in the fund that is reimbursed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances (Continued)

Net Position

The government-wide and enterprise fund financial statements utilize a net position presentation. Net position is reported as net investment in capital assets, restricted or unrestricted.

Net investment in capital assets – 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 net position balance.

Restricted – represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enable legislation.

Unrestricted – represents net position of the City, not restricted for any project or other purpose.

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

Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classification used in governmental fund financial statements are as follows.

Nonspendable Fund Balance – Amounts cannot be spent either because they are in nonspendable form (such as inventory or prepaid expenses, and long-term loans and notes receivable) or because they are legally or contractually required to be maintained intact (such as principal of a permanent fund).

Restricted Fund Balance – Amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, contributors, or laws or regulations of other governments, etc.) or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts that can only be used for specific purposes pursuant to constraints imposed by City Council, the City's highest level of decision-making authority, through an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified uses through the same type of formal action taken to establish the commitment.

Assigned Fund Balance – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. For all governmental funds other than the General Fund, any remaining positive amounts not classified as nonspendable, restricted or committed must be designated as assigned fund balance.

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

In circumstances when expenditures are made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances (Continued)

Minimum Fund Balance Policy

The City’s minimum fund balance policy requires the City to maintain reserves equal to 2 months (17%) and 3 months (25%) of costs based on the annual adopted budget for Enterprise Funds and the General Fund, respectively. The use of these funds shall be allowed in situations resulting from the loss of revenues and must be replenished before the end of the following fiscal year.

Risk Management

The City participates with other public entities in a joint venture under a joint powers agreement which established 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.

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Property Tax Calendar

Madera County is responsible for assessing, collecting and distributing property taxes in accordance with enabling legislation. Revenue received is based on an allocations factor calculated by the County under the provisions of Proposition 13 plus a percentage of the increase in market value in specific areas. The City’s property tax is lien based on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Property sold and the assessment date (January 1) is reassessed and the amount of property tax assessed is prorated.

Secured property taxes are levied on October 1 and are due in two installments on November 1 and February 1. The tax becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is levied on July 1, due on July 31, and becomes delinquent after August 31.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 34,980,333
Restricted cash and investments with fiscal agents	811,243
Statement of Fiduciary Net Position:	
Cash and investments	2,066,216
Restricted cash with fiscal agents	<u>782,190</u>
Total cash and investments	<u>\$ 38,639,982</u>

NOTE 2 – CASH AND INVESTMENTS (Continued)

Cash and investments as of June 30, 2023 consist of the following:

Cash on hand	\$ 2,000
Deposits with financial institutions	8,714,962
Investments	<u>29,923,020</u>
Total cash and investments	<u>\$ 38,639,982</u>

A. Deposits

The carrying amount of the City’s cash deposits was \$8,590,848 at June 30, 2023. Bank balances were \$8,934,488, the total amount of which was insured and/or collateralized with securities held by the pledging financial institutions in the City’s name as described below.

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

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

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

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

In accordance with Section 53601 of the California Government Code and the City’s investment policy, the City is authorized to invest in Certificates of Deposit, the California Local Agency Investment Fund (LAIF), U.S. Treasury Obligations, U.S. Government Agencies, Medium-Term Notes, Bankers’ Acceptances, and Commercial Paper of “prime” quality of the highest ranking or of the highest letter and numerical rating as provided by Moody’s Investor Services, Inc. or Standards and Poor’s Corporation. In accordance with the City’s investment policy, the City will not invest in repurchase agreements, reverse repurchase agreements, or any other type of investments prohibited by California Government Code Section 53601.

NOTE 2 – CASH AND INVESTMENTS (Continued)

A. Deposits (Continued)

Disclosure 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.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

Investment Type	Total	12 Months	
		or Less	13 to 24 Months
State Investment Pool	\$ 13,006,764	\$ 13,006,764	\$ -
Federal Agency Securities:			
U.S. Treasury Notes	15,322,824	12,676,688	2,646,136
Held by fiscal agent:			
Treasury Obligation Funds	1,241,959	1,241,959	-
Money Market Funds	351,473	351,473	-
Total	<u>\$ 29,923,020</u>	<u>\$ 27,276,884</u>	<u>\$ 2,646,136</u>

Disclosure 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 actual rating as of year-end for each investment type:

Investment Type	Total	Ratings as of Year-End		
		AAA	AAAm	Not Rated
State Investment Pool	\$ 13,006,764	\$ -	\$ -	\$ 13,006,764
Federal Agency Securities:				
U.S. Treasury Notes	15,322,824	15,322,824	-	-
Held by fiscal agent:				
Treasury Obligation Funds	1,241,959	-	1,241,959	-
Money Market Funds	351,473	-	-	351,473
Total	<u>\$ 29,923,020</u>	<u>\$ 15,322,824</u>	<u>\$ 1,241,959</u>	<u>\$ 13,358,237</u>

Concentration of Credit Risk

The investment policy of the City contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City did not have investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City's investments for the year ended June 30, 2023.

NOTE 2 – CASH AND INVESTMENTS (Continued)

A. Deposits (Continued)

Investment Valuation

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the Statement of Net Position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 investments reflect prices quoted in active markets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements are as follows at June 30, 2023:

Investments	Fair Value	Fair Value Measurements		
		Level 1 Inputs	Level 2 Inputs	Level 3 inputs
Debt securities:				
U.S. Treasury Notes	\$ 15,322,824	\$ 15,322,824	\$ -	\$ -
Treasury Obligation Funds	<u>1,241,959</u>	<u>1,241,959</u>	<u>-</u>	<u>-</u>
Investments not subject to fair value hierarchy:				
Money Market Funds	\$ 351,473			
State Investment Pool	<u>13,006,764</u>			
Total	<u>\$ 13,358,237</u>			

Treasury obligations are valued at marked to market based on quoted market closing prices.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 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 amount based upon the City's pro-rata share of the amortized cost provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based in the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Although the City did not participate in any securities lending transactions or enter into any reverse repurchase agreements during the year, the City does have an investment in LAIF in the amount of \$13,006,764. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members designated by State statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different from the fair value of the City's position in the pool.

Investment in money market funds

Investment in the money market funds is valued at \$351,473 and have a maturity of less than one year and are presented at amortized costs, which approximates fair value. As they are presented at amortized costs, they are not an investment type that can be categorized at any level in the fair value hierarchy.

NOTE 3 – RECEIVABLES

Receivables as of the June 30, 2023 year-end for the City's individual major funds and nonmajor funds, including applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities					
	General	CDBG Grants Special Revenue	Measure N Special Revenue	Capital Projects	Other Governmental Funds	Total Governmental Funds
Receivables:						
Accounts receivable	\$ 474,693	\$ 53	\$ -	\$ -	\$ 29,527	\$ 504,273
Intergovernmental receivables	763,658	198,264	468,935	34,714	3,105,772	4,571,343
Notes receivable	-	22,179,615	-	-	1,516,812	23,696,427
Less: allowance for for uncollectibles	-	-	-	-	-	-
Net receivables	<u>\$ 1,238,351</u>	<u>\$ 22,377,932</u>	<u>\$ 468,935</u>	<u>\$ 34,714</u>	<u>\$ 4,652,111</u>	<u>\$ 28,772,043</u>
	Business-Type Activities - Enterprise Funds					
	Water	Solid Waste	Sewer	Storm Drain	Nonmajor Airport	Total
Receivables:						
Accounts receivable	\$ 293,608	\$ 250,498	\$ 217,708	\$ 25,066	\$ -	\$ 786,880
Intergovernmental receivables	-	-	30,907	174,842	30,615	236,364
Less: allowance for for uncollectibles	(23,715)	(10,555)	(11,853)	(1,726)	-	(47,849)
Net receivables	<u>\$ 269,893</u>	<u>\$ 239,943</u>	<u>\$ 236,762</u>	<u>\$ 198,182</u>	<u>\$ 30,615</u>	<u>\$ 975,395</u>

Receivables are presented on the Statement of Net Position as follows:

	Governmental Activities	Business-Type Activities	Total
Accounts receivable, net	\$ 504,273	\$ 739,031	\$ 1,243,304
Intergovernmental receivables	4,571,343	236,364	4,807,707
Notes receivable, net	23,696,427	-	23,696,427
Total	<u>\$ 28,772,043</u>	<u>\$ 975,395</u>	<u>\$ 29,747,438</u>

Receivables in governmental funds which are not expected to be collected in one year are as follows:

Notes receivable in CDBG Grants Special Revenue Fund	\$ 22,179,615
Notes receivable in Home Investment Program Grants Special Revenue Fund	1,447,962
Notes receivable in Low and Moderate Income Housing Asset Special Revenue Fund	68,850
Total	<u>\$ 23,696,427</u>

NOTE 4 – INTERNAL BALANCES

Due from and due to balances at June 30, 2023 are as follows:

	<u>Due From</u>	<u>Due To</u>
Governmental Funds:		
Major Funds:		
General Fund	\$ 1,390,503	\$ -
Capital Projects Fund	-	24,395
Nonmajor Funds:		
SAFER Fire Grant Fund		27,567
RSTP Special Revenue Fund	-	585,617
Transit System Special Revenue Fund	-	603,873
Information Technology Internal Service Fund	-	23,070
Low and Moderate Low Income Housing Asset Fund	-	36,975
Fiduciary Funds:		
Successor Agency Private Purpose Trust Fund	-	89,006
Total	<u><u>\$ 1,390,503</u></u>	<u><u>\$ 1,390,503</u></u>

The “due from” balance of \$1,390,503 in the General Fund listed above represents loans made to other funds to cover operating cash deficit balances.

Advances to and from balances at June 30, 2023 are as follows:

	<u>Advances To</u>	<u>Advances From</u>
Governmental Funds:		
Major Funds:		
General Fund	\$ 410,032	\$ -
Impact Fees Special Revenue Fund	-	410,032
Total	<u><u>\$ 410,032</u></u>	<u><u>\$ 410,032</u></u>

The balance of \$410,032 for advances from other funds in the Impact Fees Special Revenue Fund consists of cash advances from the General Fund and will be paid back with future impact fees. The City has indicated that there are no plans to collect on the advance within the next year.

NOTE 5 – TRANSFERS

Transfers for the year ended June 30, 2023, are summarized as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	
Governmental Funds:			
Major Funds:			
General Fund	\$ 4,540,672	\$ 1,400,783	(1)
CDBG Grants Special Revenue Fund	-	1,011,829	(2)
Impact Fees Special Revenue Fund	-	1,288,000	(12)
Measure N Special Revenue Fund		1,888,933	(5)
Debt Service Fund	1,395,059	-	
Capital Projects Fund	5,786	-	
Nonmajor Funds:			
State Gas Tax Special Revenue Fund	-	42,564	(3)
SB1 Special Revenue Fund	14,502	637,503	(4)
RSTP Special Revenue Fund	-	683,909	(10)
Street and Road Fund (LTF) Special Revenue Fund	288,682	219,942	(8)
Measure T Special Revenue Fund	-	365,420	(7)
Transit System Special Revenue Fund	36,216	-	
HOME Investment Partnership Program			
Special Revenue Fund	-	3,018	(9)
EDBG Grant Special Revenue Fund	14,847	-	
Enterprise Funds:			
Major Funds:			
Water Enterprise Fund	53,481	4,011	(11)
Solid Waste Enterprise Fund	-	5,278	(6)
Sewer Enterprise Fund	-	5,278	(11)
Nonmajor Funds:			
Storm Drain Enterprise Fund	<u>3,420,332</u>	<u>2,213,109</u>	(13)
Total	<u>\$ 9,769,577</u>	<u>\$ 9,769,577</u>	

The significant transfers out noted above were for the following purposes:

- (1) General Fund transfer out \$14,502 to RMRA for projects are required by State, and \$1,329,855 for debt service.
- (2) Transfer out of \$1,000,000 from CDBG to the Storm Drain Fund for the Humboldt Avenue Street Improvements Project.
- (3) State Gas Tax transfer of \$36,778 to Street & Road (LTF) Fund for the Chowchilla Blvd Project, State Gas Tax transfer out of \$65 to the Capital Projects fund for the Berenda Slough Bridge, State Gas transfer out of \$5,033 to Capital Projects for the Riverside pedestrian improvement project, and transfer out of the State Gas Tax Fund of \$687 to Capital Projects Fun for the Alley paving project.
- (4) Road Maintenance and Rehabilitation transfer out of \$637,503 to Storm Drain Fund for Fire Expansion.
- (5) Measure N Transfer out of \$1,823,729 to General Fund to cover Measure N Projects and transfer out of Measure N Fund of \$65,204 to Debt Service for Pension Bond Payment.
- (6) Transfer out of Solid Waste of \$5,728 to General Fund for eligible capital outlay related expenditures.
- (7) Transfers out consist of \$78,978 to the Storm Drain Fund for the Humboldt Storm Drain Project, \$7,582 to Streets and Roads Fund for Ave 24 Project, \$150,292 to Streets & Roads Fund for general street maintenance, \$92,352 to Streets & Roads for general street maintenance, and \$36,216 to the Transit System fund for Transit Bus related costs.
- (8) Transfer out of Street & Road (LTF) Fund of \$219,942 to Storm Drain Fund for Humboldt Avenue Street Improvements Project.
- (9) Transfer out of Home Investment Partnership Program Fund in the amount of \$3,018 to EDBG to cover costs associated with Grant management to cover contracted costs that no administrative program income is available.
- (10) Transfer out of RSTP of \$683,909 to Storm Drain for Humboldt Avenue Street Improvements Project.
- (11) Transfer out of Water Fund to Sewer in the amount of \$5,278 to General Fund for eligible capital outlay related expenditures.
- (12) Transfer out from Impact Fees Fund to the General Fund of \$488,000 for the fire expansion project and \$800,000 to the Storm Drain Fund for the Humboldt Avenue Street Improvements Project.
- (13) Transfer out of Storm Drain in the amount of \$2,213,109 to General Fund the Humboldt Avenue Street Improvements Project.

NOTE 6 – CAPITAL ASSETS

Capital assets activity of the governmental activities for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 721,926	\$ -	\$ -	\$ 721,926
Construction in progress	3,038,329	2,642,734	-	5,681,063
Total capital assets, not being depreciated	3,760,255	2,642,734	-	6,402,989
Capital assets, being depreciated/amortized:				
Land improvements	1,569,968	-	-	1,569,968
Buildings and improvements	7,677,380	-	-	7,677,380
Right-to-use leased buildings and improvements	173,689	-	-	173,689
SBITA - Right-to-use asset	-	56,745	-	56,745
Machinery, equipment and vehicles	5,762,202	555,767	(229,985)	6,087,984
Infrastructure	20,761,872	-	-	20,761,872
Total capital assets, being depreciated/amortized	35,945,111	612,512	(229,985)	36,327,638
Less accumulated depreciation/amortization for:				
Land improvements	(1,165,426)	(74,548)	-	(1,239,974)
Buildings and improvements	(3,291,316)	(225,200)	-	(3,516,516)
Right-to-use leased buildings and improvements	(144,470)	(10,559)	-	(155,029)
SBITA - Right-to-use asset	-	(5,135)	-	(5,135)
Machinery, equipment and vehicles	(3,191,777)	(522,955)	141,108	(3,573,624)
Infrastructure	(9,726,297)	(612,847)	7,699	(10,331,445)
Total accumulated depreciation/amortization	(17,519,286)	(1,451,244)	148,807	(18,821,723)
Total capital assets being depreciated/amortized, net	18,425,825	(838,732)	(81,178)	17,505,915
Governmental activities capital assets, net	\$ 22,186,080	\$ 1,804,002	\$ (81,178)	\$ 23,908,904

Depreciation expense was charged to the following functions/programs of the governmental activities of the primary government as follows:

<i>Governmental Activities:</i>	
General government	\$ 317,188
Public safety	344,159
Highways and streets	657,236
Culture and recreation	80,014
Capital assets held by government's internal service funds are charged to the various functions based on their usage of the assets	52,647
Total depreciation/amortization expense - governmental activities	\$ 1,451,244

NOTE 6 – CAPITAL ASSETS (Continued)

Capital assets activity of the business-type activities ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 2,030,152	\$ 1,253	\$ -	\$ 2,031,405
Construction in progress	270,803	1,454,870	-	1,725,673
Total capital assets, not being depreciated	2,300,955	1,456,123	-	3,757,078
Capital assets, being depreciated:				
Land improvements	1,253,762	-	-	1,253,762
Buildings and improvements	3,989,173	-	-	3,989,173
Machinery, equipment, and vehicles	1,610,669	73,556	-	1,684,225
Infrastructure	26,814,028	239,357	-	27,053,385
Total capital assets, being depreciated	33,667,632	312,913	-	33,980,545
Less accumulated depreciation for:				
Land improvements	(873,328)	(37,559)	-	(910,887)
Buildings and improvements	(1,814,289)	(78,930)	-	(1,893,219)
Machinery, equipment, and vehicles	(620,302)	(142,666)	196	(762,772)
Infrastructure	(8,659,730)	(590,283)	3	(9,250,010)
Total accumulated depreciation	(11,967,649)	(849,438)	199	(12,816,888)
Total capital assets being depreciated, net	21,699,983	(536,525)	199	21,163,657
Business-type activities capital assets, net	\$ 24,000,938	\$ 919,598	\$ 199	\$ 24,920,735

Depreciation expense was charged to the following functions/programs of the governmental activities and business-type activities of the primary government as follows:

Business-Type Activities:

Water	\$ 506,149
Sewer	311,679
Storm drain	15,925
Airport	15,685
Total depreciation expense - business-type activities	\$ 849,438

NOTE 7 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAS) AS A LESSEE

In fiscal year 2023, the City entered a three-year SBITA as a lessee for OpenGov software, which has been recorded in the Information Technology Internal Service Fund. An initial SBITA liability was recorded in the amount of \$56,745 during fiscal year 2023. As of June 30, 2023, the value of the SBITA liability was \$38,745. The City is required to make annual principal and interest payments of \$18,900 and \$19,845, respectively. The SBITA has an effective interest rate of 0%. The software has a three-year subscription term. The value of the right-to-use software as of the end of the current fiscal year was \$56,745 and had accumulated amortization of \$4,729. In accordance with GASB 96, certain variable and other payments are not included in the measurement of the subscription liability. There were no outflows of resources recognized in the reporting period for variable and other payments.

NOTE 8 – LONG-TERM DEBT

The following is a summary of debt transactions of the City for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Governmental Activities:					
2005 Civic Center Bond	\$ 3,565,000	\$ -	\$ (210,000)	\$ 3,355,000	\$ -
2017 Series Lease Revenue Bonds	3,595,000	-	(20,000)	3,575,000	25,000
State of California NSP Loan	9,913,215	-	-	9,913,215	-
2019 Taxable Pension Obligation Bonds	9,730,000	-	(495,000)	9,235,000	530,000
Add: Premiums	143,765	-	(5,990)	137,775	-
Less: Discounts	(108,241)	-	6,456	(101,785)	-
Compensated absences	471,616	-	46,686	518,302	382,055
Total Governmental Activities Long-Term Debt	\$ 27,310,355	\$ -	\$ (677,848)	\$ 26,632,507	\$ 937,055
Business-Type Activities:					
<i>Direct Placements and Direct Borrowings:</i>					
State Water Revolving Loan	\$ 2,564,793	\$ -	\$ (80,150)	\$ 2,484,643	\$ 240,447
<i>Total Direct Placements and Borrowings</i>	2,564,793	-	(80,150)	2,484,643	240,447
2017 Series Water Revenue Bonds	8,095,000	-	(35,000)	8,060,000	-
2017 Series Wastewater Revenue Bonds	3,080,000	-	(35,000)	3,045,000	40,000
Add: Premiums	500,502	-	(24,253)	476,249	-
Total Business-Type Activities Long-Term Debt	\$ 14,240,295	\$ -	\$ (174,403)	\$ 14,065,892	\$ 280,447

Long-term debt payable at June 30, 2023 is comprised of the following individual issues:

A. 2005 Civic Center Bond

In 2005, the City issued Revenue Bonds in the aggregate principal amount of \$5,890,000 to refund the 2002 \$1,900,000 Civic Center Project Private Placement Financing and to finance certain public improvements. The original amount of the note (\$5,890,000) was secured by revenues of the Public Financing Authority (the Authority) consisting primarily of lease payments to be received by the Authority from the City under a lease agreement dated July 1, 2005, by and between the Authority and the City which are payable from the City's General Fund for lease by the City of certain real property and public facilities located in the City, and then constituting the Civic Center Project. There is a provision whereby if the City is unable to make payment or does not comply with bond covenants, the Trustee may, and shall at the written direction of the Owners of not less than a majority in aggregate principal amount of Bonds at that time outstanding, declare the principal of all bonds outstanding and the accrued interest thereon to be due and payable immediately. Semiannual payments range from \$7,875 to \$357,875 and are payable each January 1 and July 1 through 2036. During the year ended June 30, 2017 the 2005 Civic Center Bond was partially refunded by the 2016 Civic Center Bond for the purposes of savings on future debt service payments.

Annual debt service requirements to maturity of the 2005 Civic Center Bond are as follows:

Fiscal Year Ending June 30	Principal	Interest
2024	\$ -	\$ 158,331
2025	210,000	153,738
2026	220,000	144,331
2027	230,000	134,488
2028	250,000	133,706
2029-2033	1,415,000	390,269
2034-2036	1,030,000	69,188
Total	\$ 3,355,000	\$ 1,184,051

NOTE 8 – LONG-TERM DEBT (Continued)

B. 2017 Series Lease Revenue Bonds

In 2018, the Chowchilla Public Financing Authority issued Revenue Bonds in the aggregate principal amount of \$3,630,000 to finance the costs of clean renewable energy projects and other capital improvements. The original amount of the bonds (\$3,630,000) were secured by a pledge of and lien on revenues consisting primarily of lease payments from the City. There is a provision whereby if the City is unable to make payment or does not comply with bond covenants, the Trustee may, and shall at the written direction of the Owners of not less than a majority in aggregate principal amount of Bonds at that time outstanding, declare the principal of all bonds outstanding and the accrued interest thereon to be due and payable immediately. Principal is payable annually on June 1 in amounts ranging from \$10,000 to \$375,000, with interest due semi-annually at variable rates between 2.6% - 5.0%, maturing on June 1, 2047.

Annual debt service requirements to maturity of the 2017 Series Lease Revenue Bonds are as follows:

Fiscal Year Ending June 30	Principal	Interest
2024	\$ 25,000	\$ 156,724
2025	25,000	155,929
2026	-	155,117
2027	30,000	155,117
2028	40,000	153,961
2029-2033	300,000	744,051
2034-2038	640,000	665,295
2039-2043	1,235,000	477,509
2044-2047	<u>1,280,000</u>	<u>139,712</u>
Total	<u>\$ 3,575,000</u>	<u>\$ 2,803,415</u>

C. 2019 Pension Obligation Bonds

In 2019, the Chowchilla Public Financing Authority issued Pension Obligation Bonds in the aggregate principal amount of \$10,500,000 to finance a portion of the City's unfunded accrued actuarial liability to the California Public Employees' Retirement System (CalPERS) for the benefit of the City's employees and pay the costs of issuance of the bonds. The bonds are unsecured obligations payable from any source of legally available funds of the City, including, but not limited to, amounts held by the City on deposit in its General Fund. Principal is payable annually on July 15 in amounts ranging from \$10,000 to \$640,000, with interest due semi-annually at variable rates between 2.94% - 4.75%, maturing on July 15, 2046. There is a provision whereby if the City is unable to make payment, does not comply with bond covenants, or files for reorganization or arrangement, the Trustee may declare the entire unpaid principal and interest immediately due and payable.

Annual debt service requirements to maturity of the 2019 Pension Obligation Bonds are as follows:

Fiscal Year Ending June 30	Principal	Interest
2024	\$ 530,000	\$ 365,675
2025	575,000	347,707
2026	620,000	327,555
2027	470,000	308,571
2028	510,000	290,971
2029-2033	2,945,000	1,124,870
2034-2038	2,300,000	523,188
2039-2043	1,010,000	181,450
2044-2047	<u>275,000</u>	<u>14,844</u>
Total	<u>\$ 9,235,000</u>	<u>\$ 3,484,831</u>

NOTE 8 – LONG-TERM DEBT (Continued)

D. State of California Neighborhood Stabilization Program (NSP) Loan

In fiscal year 2010-11, the City entered into a loan agreement with the Department of Housing and Community Development (the DHCD). The City could borrow up to \$10,000,000 to assist Olivero Ranch, LLC, in financing construction of 31 multi-family units, of which 30 units will be restricted to households at or below 50% of all AMI households in the City. The entire outstanding principal balance plus all accrued but unpaid interest is due in full on the 55th anniversary of the date of the project's receipt of certificates of occupancy. There is no interest due on the loan; however, any program income resulting from the financing provided to Olivero Ranch, LLC will be returned to the DHCD. The loan will be secured on the property on which the project is located. All loan payments will be generated by the operation of the housing development by the private developer which will pass through the City and back to the State.

E. 2017 Series Water Revenue Bonds

In 2017, the Chowchilla Public Financing Authority issued Revenue Bonds in the aggregate principal amount of \$8,160,000 to finance capital projects in the Water Fund. The original amount of the bonds (\$8,160,000) were secured by installment payments to be made by the City under an installment sale agreement. There is a provision whereby if the City is unable to make payment or does not comply with bond covenants, the Trustee may, and shall at the written direction of the Owners of not less than a majority in aggregate principal amount of Bonds at that time outstanding, declare the principal of all bonds outstanding and the accrued interest thereon to be due and payable immediately. These installment payments are secured by a pledge of and lien on the net revenues of the Water Fund. Principal is payable annually on June 1 in amounts from \$10,000 to \$775,000, with interest due semi-annually at variable rates between 2.6% - 5.0%, maturing on June 1, 2047.

Annual debt service requirements to maturity of the 2017 Series Water Revenue Bonds are as follows:

Fiscal Year Ending June 30	Principal	Interest
2024	\$ -	\$ 358,737
2025	25,000	358,737
2026	40,000	357,737
2027	65,000	356,137
2028	90,000	353,574
2029-2033	855,000	1,693,483
2034-2038	1,735,000	1,478,543
2039-2043	3,085,000	986,420
2044-2047	2,165,000	280,461
Total	\$ 8,060,000	\$ 6,223,829

F. 2017 Series Wastewater Revenue Bonds

In 2017, the Chowchilla Public Financing Authority issued Revenue Bonds in the aggregate principal amount of \$3,310,000 to finance capital projects in the Sewer fund. The original amount of the bonds (\$3,310,000) was secured by installment payments to be made by the City under an installment sale agreement. There is a provision whereby if the City is unable to make payment or does not comply with bond covenants, the Trustee may, and shall at the written direction of the Owners of not less than a majority in aggregate principal amount of Bonds at that time outstanding, declare the principal of all bonds outstanding and the accrued interest thereon to be due and payable immediately. These installment payments are secured by a pledge of and lien on the net revenues of the Sewer Fund. Principal is payable annually on June 1 in amounts from \$75,000 to \$275,000, with interest due semi-annually at variable rates between 2.33% - 4.58%, maturing on June 1, 2047.

NOTE 8 – LONG-TERM DEBT (Continued)

F. 2017 Series Wastewater Revenue Bonds (Continued)

Annual debt service requirements to maturity of the 2017 Series Wastewater Revenue Bonds are as follows:

Fiscal Year Ending June 30	Principal	Interest
2024	\$ 40,000	\$ 135,131
2025	45,000	133,531
2026	50,000	131,731
2027	45,000	129,731
2028	50,000	128,026
2029-2033	370,000	602,920
2034-2038	580,000	504,967
2039-2043	905,000	348,744
2044-2047	<u>960,000</u>	<u>114,958</u>
Total	<u>\$ 3,045,000</u>	<u>\$ 2,229,739</u>

G. State Water Revolving Loan

The City entered into a loan agreement in July 2014 with the State Water Resources Control Board for the purpose of undertaking a project which will enable the City to meet safe drinking water standards established pursuant Chapter 4 of Part 12 of Division 104 of the health and safety Code and the California Code of Regulations, Title 22, or to address other health concerns. The City was awarded a loan in the amount of \$3,205,991 for the purpose of installing water meters citywide. The loan is to be repaid over a 20-year period at an interest rate of 0%, which does not begin until the project is completed. In the event of a default, the State shall charge interest in the amount of one tenth of one percent (0.1%) of the delinquent amount each day it remains unpaid past the tenth (10th) day after the date payment was due. The City completed the project during 2018 and the first payment was due on January 1, 2019.

Annual debt service requirements to maturity of the State Water Revolving Loan are as follows:

Fiscal Year Ending June 30	Principal
2024	\$ 240,447
2025	160,300
2026	160,300
2027	160,300
2028	160,300
2029-2033	801,498
2034-2038	<u>801,498</u>
Total	<u>\$ 2,484,643</u>

NOTE 8 – LONG-TERM DEBT (Continued)

H. Special Assessment District Debt

On March 15, 2017, the Chowchilla Public Financing Authority (the Authority) issued \$3,138,000 of 2017 Refunding Revenue Bonds (Reassessment District No 2003-1 Greenhills) for the purpose of creating annual debt savings. The total debt service payments were reduced by \$140,898. The 2017 direct placement Refunding Bonds are secured by a pledge of and first lien on the revenues to be derived from the Local Agency Bonds (2003 Local Obligations). The Authority will receive the reserve fund upon final maturity. The City acts as agent for the property owners in collecting assessment installments of principal and interest and forwarding collections to the bond Trustee. The City's liability, in the event of delinquent assessments shall not exceed the balance of the established Reserve Fund. The amount outstanding as of June 30, 2023 is \$519,000.

On April 30, 2014, the City issued \$3,962,800 of 2013-1 Limited Obligation Refunding Bonds (the 2013 Local Obligations) pursuant to the provisions of the Improvement Bond Act of 1915 to refund the outstanding 2002-1 Local Obligations Improvement Bonds (the 2002-1 Local Obligations), for the purpose of creating annual debt savings. The direct placement 2013 Local Obligations are fully secured by the unpaid special assessments levied on commitment. The 2013 Local Obligations are not secured by the general taxing power of the City, the State of California, or any political subdivision of the State. The City acts as agent for the property owners in collecting assessment installments of principal and interest and forwarding collections to the bond trustee. The City's liability in the event of delinquent assessments, shall not exceed the balance of the established Reserve Fund. The amount outstanding as of June 30, 2023 is \$1,687,900.

In 2007, the City issued Community Facilities District No. 2006-1 Improvement Area 1 Special Tax Bonds in the aggregate principal amount of \$8,615,000 to finance certain capital expenses of the District, to pay costs of issuance of the Bonds, and to fund two years' capitalized interest on the Bonds. The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended. The Bonds (\$8,615,000) are secured under the Trust indenture by a pledge and lien upon Net Taxes levied on parcels within the District and all moneys in the Special Tax Fund. The Bonds were issued for the purpose of financing the acquisition, construction, expansion, improvement, or rehabilitation of facilities to serve the area within the District and its neighboring areas. Semiannual payments range from \$13,375 to \$560,486 and are payable each March 1 and September 1 through 2037. The amount outstanding as of June 30, 2023 is \$5,845,000.

Since the City is not obligated in any manner for special assessment debt, the debt is not recorded in these financial statements.

NOTE 9 – LEASES

A. Lease as Lessor

In 2006, the City began leasing one of its office buildings to a third party. The initial lease was for ten years and was subsequently extended with two additional five-year extensions through 2026. The City will receive monthly payments of \$7,227, which is adjusted on July 1 by the United States Department of Labor, Bureau of Labor Statistics, Southern California Consumer Price Index, or 5%, whichever is less. The City recognized in lease revenue and \$25,412 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the City's receivable for lease payments was \$135,233. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$76,235.

NOTE 9 – LEASES (Continued)

B. Lease as Lessee

In fiscal year 2008, the City's Fleet Maintenance Internal Service Fund entered into a lease agreement as lessee for the acquisition and use of a building for operations. Subsequent extensions of the lease agreement have been noted through fiscal year 2025. An initial lease liability was recorded in the amount of \$173,689 during fiscal year 2008. As of June 30, 2023, the value of the lease liability was \$33,241. The City is required to make monthly principal and interest payments of \$1,500. The lease has an effective interest rate of 7.75%. The leased building has an estimated useful life of 17 years. The value of the right-to-use asset at the end of the current fiscal year was \$173,689 and had accumulated amortization of \$155,029.

The future principal and interest lease payments as of June 30, 2023, are as follows:

Fiscal Year Ending June 30	Principal	Interest
2024	\$ 15,983	\$ 2,017
2025	17,258	734
Total	<u>\$ 33,241</u>	<u>\$ 2,751</u>

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position (and when applicable, the balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditures) until then. The City has pension related items that qualify to be reported in deferred outflows of resources. The pension-related deferred outflows of resources are described in detail in Note 11.

In addition to liabilities, the Statement of Net Position (and when applicable, the Balance Sheet) will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so, will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category, which are unavailable revenues and pension deferrals.

Unavailable revenues arise only under a modified accrual basis of accounting and is reported only in the governmental funds Balance Sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	General Fund	CDBG Grants Special Revenue Fund	Other Governmental Funds	Total
Intergovernmental	\$ 162,922	\$ -	\$ 2,323,812	\$ 2,486,734
Notes	-	22,179,615	1,516,812	23,696,427
Total	<u>\$ 162,922</u>	<u>\$ 22,179,615</u>	<u>\$ 3,840,624</u>	<u>\$ 26,183,161</u>

The City has pension-related items that qualify to be reported in deferred inflows of resources. The pension-related deferred inflows of resources are described in detail in Note 11.

NOTE 11 – DEFINED BENEFIT PENSION PLAN

A. General Information About the Pension Plans

Plan Description

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

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 to 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 the Plan are applied as specified by the Public Employees' Retirement law.

The rate plan provisions and benefits in effect at June 30, 2023 are summarized as follows:

	Miscellaneous 1st Tier	Miscellaneous 2nd Tier	Miscellaneous PEPRA
Hire date	Prior to January 1, 2013	January 1, 2011 thru December 31, 2012	On or after January 1, 2013
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of annual salary	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.75%
Required employer contribution rates	12.210%	8.630%	7.470%
	Safety 1st Tier	Safety (Police) 2nd Tier	Safety (Police) PEPRA
Hire Date	Prior to January 1, 2013	January 1, 2011 thru December 31, 2012	On or after January 1, 2013
Benefit formula	3% @ 55	2% @ 55	2% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of annual salary	2.4% to 3.0%	1.426% to 2.0%	1.426% to 2.0%
Required employee contribution rates	9%	7%	10.0%
Required employer contribution rates	21.840%	14.740%	10.800%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund, if applicable. The dollar amounts are billed on a monthly basis. The City's contribution for the unfunded liability was \$177,520 for the fiscal year ended June 30, 2023.

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

A. General Information About the Pension Plans (Continued)

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. 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. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

The City’s contributions to the Plan recognized as a part of pension expense for the year ended June 30, 2023 were \$678,921.

As of June 30, 2023, the City reported a net pension liability (asset) for its proportionate share of the net pension liability (asset) of the Plan of \$3,215,744.

The City’s net pension liability (asset) for the Plan is measured as the proportionate share of the net pension liability (asset). The net pension liability (asset) of the Plan is measured as of June 30, 2022, and the total pension liability (asset) for the Plan used to calculate the net pension liability (asset) was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. The City’s proportion of the net pension liability (asset) was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability (asset) for the Plan as of June 30, 2021 and 2022 was as follows:

Proportion - June 30, 2021	-0.0792%
Proportion - June 30, 2022	0.0278%
Change - Increase (Decrease)	0.1070%

For the year ended June 30, 2023, the City recognized pension expense of \$7,679,004. At June 30, 2023, the City reported deferred outflows of resources and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 738,194	\$ -
Changes of assumptions	327,188	-
Differences between actual and expected experience	94,863	39,569
Net differences between projected and actual earnings on plan investments	553,132	-
Change in employer's proportion	4,559,731	-
Differences between the employer's actual contributions and the employer's proportionate share of contributions	-	2,180,223
Total	<u>\$ 6,273,108</u>	<u>\$ 2,219,792</u>

\$738,194 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 (asset) in the year ended June 30, 2024. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension revenue as follows:

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

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

Year Ended June 30	
2024	\$ 1,090,112
2025	1,165,450
2026	721,608
2027	337,952
2028	-
Thereafter	-

The total pension liabilities (assets) in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry- Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	6.90% ⁽¹⁾
Mortality	Derived using CalPERS' Membership Data for all Funds ⁽²⁾

⁽¹⁾ Net of pension plan investment expenses, including inflation

⁽²⁾ 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.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 valuation were based on the results of 2021 actuarial experience study. Further details of the Experiences Study can be found on the CalPERS website.

C. Discount Rate

The discount rate used to measure the total pension liability (asset) 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 (asset).

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

D. Actuarial Assumptions

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

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

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return Years
		1-10 ^(1,2)
Global equity - cap-weighted	30.00%	4.45%
Global equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	27.00%
Mortgage-backed Securities	5.00%	50.00%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00)%	(0.59)%
Total	100.00%	

⁽¹⁾ An expected inflation of 2.30% used for this period.

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

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

Discount Rate -1%		Current Discount Rate		Discount Rate +1%	
5.90%		6.90%		7.90%	
\$	9,357,421	\$	3,215,744	\$	(1,823,213)

E. Pension Plan Fiduciary Net Position

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

F. Payable to the Pension Plan

The City had \$24,387 of contributions due to the pension plan for the year ended June 30, 2023.

NOTE 12 – POST-RETIREMENT HEALTH CARE BENEFITS

The City provides no post-employment benefits for its employees. However, former employees may be maintained on the City's health insurance programs through the City's Consolidated Omnibus Budget Reconciliation Act (COBRA) insurance continuation plan.

NOTE 13 – RISK MANAGEMENT

The City is a member, along with fifty-eight other public entities, of Central San Joaquin Valley Risk Management Authority (the Authority) organized under a joint powers agreement pursuant to the California Government Code for the purpose of operating and maintaining a cooperative program of self-insurance and risk management which benefits its member cities through cost reductions, insurance coverage stability, and loss control techniques. The Authority is governed by a Board of Directors, consisting of one member appointed by each member city. The Authority maintains pooled coverage programs for its member cities for workers' compensation, liability, auto-physical damage, property, employment practices liability, and errors and omissions coverage. For workers' compensation and liability programs, each program and program year is accounted for and administered as a separate operation.

Under the pooled liability program, expected claims are actuarially determined as are required deposits to cover those claims along with all estimated operating costs. Each year is retrospectively adjusted five years following its conclusion and any funds remaining are returned to the member city. Likewise, funds paid out in excess of their original deposits are collected from the member city.

The City is covered for the first \$1,000,000 of each general liability claim and \$500,000 of each workers' compensation claim through the Authority. The City has the right to receive refunds of the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under \$1,000,000 and workers' compensation losses under \$500,000. The Authority is a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) for the purpose of providing excess coverage. Any claims of \$500,000 up to \$150,000,000 are covered under a purchased policy through the membership with the LAWCX. The Authority is a member of the California Affiliated Risk Management Authorities (CARMA) for the purpose of providing excess coverage in a risk sharing pool. The CARMA program provided coverage in excess for the Authority's retained limit up to \$19,000,000.

The financial position results of operations of the Authority are as follows for June 30, 2023:

Total assets	\$ 153,984,502
Total liabilities	<u>120,022,096</u>
Total net position	<u>\$ 33,962,406</u>
Revenues	\$ 73,088,767
Expenses	<u>71,300,255</u>
Change in net position	<u>\$ 1,788,512</u>

At the termination of the joint powers agreement and after all claims have been settled, any excess or deficit will be divided among the cities in accordance with its governing documents.

The City has established the following retained limits for the coverages shown: \$25,000 for liability; \$100,000 for worker's compensation; \$1,000 for property damage; \$500 deductible on vehicles.

NOTE 14 – DEFICIT IN FUND EQUITY

A. Nonmajor Governmental Funds

RSTP Fund

A deficit in fund balance at June 30, 2023, in the amount of \$275,985, is due to current year expenditures in excess of revenues. This deficit is expected to be alleviated through future revenues or transfers from other funds.

SAFER Fire Grant Fund

A deficit in fund balance at June 30, 2023, in the amount of \$27,567, is due to multiple years of expenditures in excess of revenues. This deficit is expected to be alleviated through future revenues or transfers from other funds.

Transit System Fund

A deficit in fund balance at June 30, 2023, in the amount of \$553,788, is due to multiple years of expenditures in excess of revenues. This deficit is expected to be alleviated through future revenues or transfers from other funds.

Low and Moderate Income Housing Asset Fund

A deficit in fund balance at June 30, 2023, in the amount of \$36,975, is due to current year expenditures in excess of revenues. This deficit is expected to be alleviated through future revenues or transfers from other funds.

B. Internal Service Funds

Employee Benefits Internal Service Fund

A deficit in net position at June 30, 2023, in the amount of \$531,013, exists because the fund was established on a pay-as-you go basis for the purpose of funding the annual accrued leave liability. As employees are paid for their accumulated leave in the future, the fund in which their normal salary is charged makes a transfer to the Employee Benefit Fund to offset the expense.

C. Fiduciary Funds

Successor Agency Private Purpose Trust Fund

A deficit in net position at June 30, 2023, in the amount of \$4,300,912, exists as a result of long-term debt in excess of assets that is in the process of being paid back in accordance with the Redevelopment dissolution. See footnote 16 for more information on the Successor Agency Trust Fund.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

A. General Liability

There are various claims and legal actions pending against the City for which no provision has been made in the financial statements. In the opinion of the City Attorney and City Management, liabilities arising from these claims and legal actions, if any, will not be material to these financial statements.

NOTE 15 – COMMITMENTS AND CONTINGENCIES (Continued)

B. Federal Awards and Grants

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government’s compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

C. Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At June 30, 2023, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Significant encumbrances included in governmental fund balances are as follows:

	Encumbrances Included in:		
	Restricted Fund Balance	Committed Fund Balance	Assigned Fund Balance
General Fund	\$ -	\$ -	\$ 39,003
Nonmajor Governmental	13,500	-	-

NOTE 16 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 (the Bill) that dissolved all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Chowchilla that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, the city of another unit of local government will agree to serve as the “Successor Agency” to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution Number 5-12.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

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

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

NOTE 16 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)

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

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

A. Cash and Investments

As of June 30, 2023, the Successor Agency has a cash and investment balance of \$0.

B. Long-Term Debt

Long-term debt reported in the Successor Agency Trust Fund at June 30, 2023 was comprised of the following:

	June 30, 2022	Additions	Reductions	June 30, 2023	Amounts Due Within One Year	Amounts Due More Than One Year
2016 Successor Agency Tax						
Refunding Bond	\$ 4,940,000	\$ -	\$ (265,000)	\$ 4,675,000	\$ 275,000	\$ 4,400,000
Add: Premiums	180,067	-	(12,688)	167,379	-	167,379
Total	<u>\$ 5,120,067</u>	<u>\$ -</u>	<u>\$ (277,688)</u>	<u>\$ 4,842,379</u>	<u>\$ 275,000</u>	<u>\$ 4,567,379</u>

C. 2016 Successor Agency Tax Allocation Refunding Bonds

In 2016, the Successor Agency of the City of Chowchilla issued Tax Allocation Refunding Bonds in the aggregate principal amount of \$6,190,000 to refund the 2005 RDA Tax Allocation Bonds. This was done to take advantage of lower interest rates and to save on future debt service payments. As a result, the 2005 RDA Tax Allocation Bonds are considered defeased and the liability for that bond is not included in the Fiduciary Fund (Private-Purpose Trust Fund) Statement of Net Position. The total debt service payments were reduced by \$365,124. The original amount of the note - \$6,190,000 – was secured by a pledge of tax revenues consisting of tax increment payments to be received by the Successor Agency. Semiannual payments range from \$5,294 to \$390,294 and are payable each February 1 and August 1 through 2036.

There is a provision whereby if the Successor Agency is unable to make payment, does not comply with bond covenants, or files for reorganization or arrangement, the Trustee may declare the principal of all bonds outstanding and the accrued interest thereon to be due and payable immediately.

NOTE 16 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)

C. 2016 Successor Agency Tax Allocation Refunding Bonds (Continued)

Annual debt service requirements to maturity of the 2016 Successor Agency Tax Allocation Refunding Bonds are as follows:

Fiscal Year Ending June 30	Principal	Interest
2024	\$ 275,000	\$ 130,881
2025	285,000	121,056
2026	295,000	107,981
2027	310,000	92,856
2028	325,000	81,856
2029-2033	1,705,000	298,906
2034-2037	<u>1,480,000</u>	<u>81,647</u>
Total	<u>\$ 4,675,000</u>	<u>\$ 915,183</u>

D. Insurance

The Successor Agency is covered under the City of Chowchilla's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage can be found in Note 13.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023

Budgetary Comparison Schedules

General Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 4,179,849	\$ 4,782,205	\$ 4,761,533	\$ (20,672)
Licenses and permits	630,500	700,809	547,489	(153,320)
Fines and penalties	281,900	345,378	182,213	(163,165)
Intergovernmental	5,591,101	3,455,589	3,246,293	(209,296)
Use of money and property	162,040	254,673	322,990	68,317
Charges for services	259,706	388,891	168,802	(220,089)
Miscellaneous	106,360	314,982	200,894	(114,088)
Total revenues	<u>11,211,456</u>	<u>10,242,527</u>	<u>9,430,214</u>	<u>(812,313)</u>
EXPENDITURES				
Current:				
General government	1,094,896	1,424,271	1,266,681	157,590
Public safety	4,423,479	4,556,983	4,203,095	353,888
Culture and recreation	719,127	748,202	621,623	126,579
Community development	1,046,369	1,026,169	735,678	290,491
Capital outlay	<u>2,556,099</u>	<u>3,388,898</u>	<u>4,354,512</u>	<u>(965,614)</u>
Total expenditures	<u>9,839,970</u>	<u>11,144,523</u>	<u>11,181,589</u>	<u>(37,066)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,371,486</u>	<u>(901,996)</u>	<u>(1,751,375)</u>	<u>(849,379)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,132,920	3,159,064	4,540,672	1,381,608
Transfers out	(5,238,886)	(5,267,003)	(1,400,783)	3,866,220
Proceeds from sale of capital assets	<u>-</u>	<u>5,083</u>	<u>5,083</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,105,966)</u>	<u>(2,102,856)</u>	<u>3,144,972</u>	<u>5,247,828</u>
Net change in fund balance	<u>\$ (1,734,480)</u>	<u>\$ (3,004,852)</u>	1,393,597	<u>\$ 4,398,449</u>
Fund balances - beginning (restated)			<u>12,532,988</u>	
Fund balances - ending			<u>\$ 13,926,585</u>	

The notes to the budgetary comparison schedules are an integral part of this statement.

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023Budgetary Comparison Schedules
CDBG Grants Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Intergovernmental	\$ 1,827,824	\$ 2,076,759	\$ 763,459	\$ (1,313,300)
Use of money and property	5,122	14,616	25,859	11,243
Charges for services	<u>7,400</u>	<u>7,400</u>	<u>-</u>	<u>(7,400)</u>
Total revenues	<u>1,840,346</u>	<u>2,098,775</u>	<u>789,318</u>	<u>(1,309,457)</u>
EXPENDITURES				
Current:				
Community development	1,843,406	1,879,925	517,413	1,362,512
Capital outlay	<u>-</u>	<u>-</u>	<u>2,013</u>	<u>(2,013)</u>
Total expenditures	<u>1,843,406</u>	<u>1,879,925</u>	<u>519,426</u>	<u>1,360,499</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,060)</u>	<u>218,850</u>	<u>269,892</u>	<u>51,042</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	40,000	40,000	-	(40,000)
Transfers out	<u>(825,086)</u>	<u>(1,000,002)</u>	<u>(1,011,829)</u>	<u>(11,827)</u>
Total other financing sources (uses)	<u>(785,086)</u>	<u>(960,002)</u>	<u>(1,011,829)</u>	<u>(51,827)</u>
Net change in fund balance	<u>\$ (788,146)</u>	<u>\$ (741,152)</u>	<u>(741,937)</u>	<u>\$ (785)</u>
Fund balances - beginning			<u>1,006,871</u>	
Fund balances - ending			<u>\$ 264,934</u>	

The notes to the budgetary comparison schedules are an integral part of this statement.

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023

Budgetary Comparison Schedules

Impact Fees Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Use of money and property	\$ 19,806	\$ 67,639	\$ 121,813	\$ 54,174
Charges for services	<u>1,453,146</u>	<u>1,537,428</u>	<u>1,240,141</u>	<u>(297,287)</u>
Total revenues	<u>1,472,952</u>	<u>1,605,067</u>	<u>1,361,954</u>	<u>(243,113)</u>
EXPENDITURES				
Current:				
Public safety	-	-	1,755	(1,755)
Highways and streets	-	-	8,796	(8,796)
Culture and recreation	-	-	288	(288)
Capital outlay	<u>-</u>	<u>316,900</u>	<u>315,869</u>	<u>1,031</u>
Total expenditures	<u>-</u>	<u>316,900</u>	<u>326,708</u>	<u>(9,808)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,472,952</u>	<u>1,288,167</u>	<u>1,035,246</u>	<u>(252,921)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,828,000)</u>	<u>(1,828,000)</u>	<u>(1,288,000)</u>	<u>540,000</u>
Total other financing sources (uses)	<u>(1,828,000)</u>	<u>(1,828,000)</u>	<u>(1,288,000)</u>	<u>540,000</u>
Net change in fund balance	<u>\$ (355,048)</u>	<u>\$ (539,833)</u>	<u>(252,754)</u>	<u>\$ 287,079</u>
Fund balances - beginning			<u>4,596,141</u>	
Fund balances - ending			<u>\$ 4,343,387</u>	

The notes to the budgetary comparison schedules are an integral part of this statement.

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023

Budgetary Comparison Schedules

Measure N Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 2,491,400	\$ 2,478,505	\$ 2,598,614	\$ 120,109
Use of money and property	11,437	46,105	83,876	37,771
Miscellaneous	-	446	446	-
Total revenues	<u>2,502,837</u>	<u>2,525,056</u>	<u>2,682,936</u>	<u>157,880</u>
EXPENDITURES				
Current:				
General government	-	1,819	1,760	59
Public safety	1,128,221	1,110,964	881,682	229,282
Capital outlay	<u>766,525</u>	<u>97,852</u>	-	<u>97,852</u>
Total expenditures	<u>1,894,746</u>	<u>1,210,635</u>	<u>883,442</u>	<u>327,193</u>
Excess (deficiency) of revenues over (under) expenditures	<u>608,091</u>	<u>1,314,421</u>	<u>1,799,494</u>	<u>485,073</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,710,098)</u>	<u>(2,537,278)</u>	<u>(1,888,933)</u>	<u>648,345</u>
Total other financing sources (uses)	<u>(1,710,098)</u>	<u>(2,537,278)</u>	<u>(1,888,933)</u>	<u>648,345</u>
Net change in fund balance	<u>\$ (1,102,007)</u>	<u>\$ (1,222,857)</u>	<u>(89,439)</u>	<u>\$ 1,133,418</u>
Fund balances - beginning			<u>3,289,140</u>	
Fund balances - ending			<u>\$ 3,199,701</u>	

The notes to the budgetary comparison schedules are an integral part of this statement.

NOTE 1 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The City establishes annual budgets for the General, Special Revenue Funds, and Capital Projects Funds. Except for encumbrances and long-term projects in progress, which are carried forward to the following year, all appropriations remaining will lapse at year end. The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedules:

- 1) The department heads prepare a budget request based upon the previous year’s expenditures.
- 2) A meeting is held between the department heads, Finance Director and the City Administrator for the purpose of reviewing and prioritizing the budget requests.
- 3) The City Administrator submits the proposed City Budget to the City Council, who makes decisions regarding department budgets.
- 4) The approved budget is placed in the City accounting system and monitored by the Finance Department as well as by the department heads.
- 5) Budgets are adopted on the modified accrual basis. Revenues are budgeted in the year receipt is expected, and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued. The Debt Service Fund budget is prepared to provide funding for general obligation debt service when liabilities are due for payment. The level of control (level at which expenditures may not exceed budget) is at fund level for the General Fund, fund level for the Special Revenue Funds, and project level for the Capital Projects Funds.

B. Excess Expenditure over Appropriations

The City incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2023:

General Fund		
Current:		
Capital outlay	\$	965,614
Community Development Block Grant Special Revenue Fund		
Current:		
Capital outlay	\$	2,013
Impact Fees Special Revenue Fund		
Current:		
Public Safety	\$	1,755
Highways and streets		8,796
Culture and recreation		288

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023

Required Supplementary Information (Unaudited) – Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)
Last 10 Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Proportion of the net pension liability (asset)	0.1141%	0.1170%	0.1107%	0.1088%	0.1102%	0.0057%	0.0119%	-0.0792%	0.0278%
Proportionate share of the net pension liability (asset)	\$ 7,165,731	\$ 8,032,145	\$ 9,583,127	\$ 10,793,945	\$ 10,615,478	\$ 579,267	\$ 1,290,678	\$ (4,281,392)	\$ 3,215,744
Covered payroll	\$ 3,644,535	\$ 3,617,983	\$ 3,411,501	\$ 3,728,201	\$ 3,960,212	\$ 3,991,276	\$ 4,313,602	\$ 4,489,333	\$ 4,742,624
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	196.62%	222.01%	280.91%	289.52%	268.05%	14.51%	29.92%	-95.37%	67.81%
Plan fiduciary net position as a percentage of the total pension liability (asset)	78.02%	74.09%	70.07%	69.45%	70.84%	99.14%	97.37%	110.81%	93.14%

Notes to Schedule:**Change in Benefit Terms** - None**Change in Assumptions** - None

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023

Required Supplementary Information (Unaudited) – Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Schedule of Contributions

Last 10 Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarily required contribution (actuarially determined)	\$ 788,942	\$ 745,347	\$ 848,864	\$ 942,347	\$ 1,034,227	\$ 694,478	\$ 523,962	\$ 648,797	\$ 678,921	\$ 738,194
Contributions in relation to the actuarially determined contributions	<u>788,942</u>	<u>745,347</u>	<u>848,864</u>	<u>942,347</u>	<u>1,034,227</u>	<u>11,304,271</u>	<u>523,962</u>	<u>648,797</u>	<u>678,921</u>	<u>738,194</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,609,793)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,644,535	\$ 3,617,983	\$ 3,411,501	\$ 3,728,201	\$ 3,960,212	\$ 3,991,276	\$ 4,313,602	\$ 4,892,282	\$ 4,742,624	\$ 5,092,237
Contributions as a percentage of covered payroll	21.65%	20.60%	24.88%	25.28%	26.12%	283.22%	12.15%	13.26%	14.32%	14.50%

SUPPLEMENTARY INFORMATION

CITY OF CHOWCHILLA | JUNE 30, 2023
Nonmajor Special Revenue Funds
Combining Balance Sheet

	State Gas Tax	SB1	RSTP	Street & Road (LTF)	SAFER Fire Grant Fund	Measure T Fund
ASSETS						
Cash and investments	\$ 1,400,207	\$ 841,702	\$ -	\$ 907,886	\$ -	\$ 1,786,209
Accounts receivable	-	-	-	20,463	-	4,500
Intergovernmental receivables	40,719	75,453	683,909	1,318,123	-	430,517
Notes receivable, net	-	-	-	-	-	-
Total assets	<u>\$ 1,440,926</u>	<u>\$ 917,155</u>	<u>\$ 683,909</u>	<u>\$ 2,246,472</u>	<u>\$ -</u>	<u>\$ 2,221,226</u>
LIABILITIES						
Accounts payable	\$ 9,804	\$ -	\$ -	\$ 165,238	\$ -	\$ 4,500
Due to other funds	-	-	585,617	-	27,567	-
Total liabilities	<u>9,804</u>	<u>-</u>	<u>585,617</u>	<u>165,238</u>	<u>27,567</u>	<u>4,500</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	-	-	374,277	1,102,497	-	348,071
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>374,277</u>	<u>1,102,497</u>	<u>-</u>	<u>348,071</u>
FUND BALANCES (DEFICIT)						
Restricted for:						
Highway and streets	1,431,122	917,155	-	978,737	-	1,868,655
Community development	-	-	-	-	-	-
Unassigned	-	-	(275,985)	-	(27,567)	-
Total fund balances (deficit)	<u>1,431,122</u>	<u>917,155</u>	<u>(275,985)</u>	<u>978,737</u>	<u>(27,567)</u>	<u>1,868,655</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,440,926</u>	<u>\$ 917,155</u>	<u>\$ 683,909</u>	<u>\$ 2,246,472</u>	<u>\$ -</u>	<u>\$ 2,221,226</u>

CITY OF CHOWCHILLA | JUNE 30, 2023
Nonmajor Special Revenue Funds
Combining Balance Sheet
(Continued)

	Maintenance Assessment District	Transit System	Home Investment Partnership Program	EDBG Grants	Low and Moderate Income Housing Asset Fund	Total
ASSETS						
Cash and investments	\$ 679,987	\$ -	\$ 1,325,748	\$ 44,276	\$ -	\$ 6,986,015
Accounts receivable	-	4,500	-	-	-	29,463
Intergovernmental receivables	4,962	552,089	-	-	-	3,105,772
Notes receivable, net	-	-	1,447,962	-	68,850	1,516,812
Total assets	<u>\$ 684,949</u>	<u>\$ 556,589</u>	<u>\$ 2,773,710</u>	<u>\$ 44,276</u>	<u>\$ 68,850</u>	<u>\$ 11,638,062</u>
LIABILITIES						
Accounts payable	\$ 10,461	\$ 7,537	\$ 828	\$ -	\$ -	\$ 198,368
Due to other funds	-	603,873	-	-	36,975	1,254,032
Total liabilities	<u>10,461</u>	<u>611,410</u>	<u>828</u>	<u>-</u>	<u>36,975</u>	<u>1,452,400</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	-	498,967	1,447,962	-	68,850	3,840,624
Total deferred inflows of resources	<u>-</u>	<u>498,967</u>	<u>1,447,962</u>	<u>-</u>	<u>68,850</u>	<u>3,840,624</u>
FUND BALANCES (DEFICIT)						
Restricted for:						
Highway and streets	674,488	-	-	-	-	5,870,157
Community development	-	-	1,324,920	44,276	-	1,369,196
Unassigned	-	(553,788)	-	-	(36,975)	(894,315)
Total fund balances (deficit)	<u>674,488</u>	<u>(553,788)</u>	<u>1,324,920</u>	<u>44,276</u>	<u>(36,975)</u>	<u>6,345,038</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 684,949</u>	<u>\$ 556,589</u>	<u>\$ 2,773,710</u>	<u>\$ 44,276</u>	<u>\$ 68,850</u>	<u>\$ 11,638,062</u>

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	State Gas Tax	SB1	RSTP	Street & Road (LTF)	SAFER Fire Grant Fund	Measure T Fund
REVENUES						
Intergovernmental	\$ 465,989	\$ 430,594	\$ 407,924	\$ 235,004	\$ -	\$ 786,148
Use of money and property	30,188	28,024	-	16,316	-	40,303
Charges for services	-	-	-	-	-	-
Miscellaneous	-	-	-	314	64	-
Total revenues	<u>496,177</u>	<u>458,618</u>	<u>407,924</u>	<u>251,634</u>	<u>64</u>	<u>826,451</u>
EXPENDITURES						
Current:						
General government	-	-	-	2,938	-	-
Public safety	-	-	-	-	13,287	-
Highway and streets	44,562	2,512	-	367,492	-	35,781
Community development	-	-	-	-	-	-
Capital outlay	-	-	-	259,986	-	-
Total expenditures	<u>44,562</u>	<u>2,512</u>	<u>-</u>	<u>630,416</u>	<u>13,287</u>	<u>35,781</u>
Excess (deficiency) of revenues over (under) expenditures	<u>451,615</u>	<u>456,106</u>	<u>407,924</u>	<u>(378,782)</u>	<u>(13,223)</u>	<u>790,670</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	14,502	-	288,682	-	-
Transfers out	(42,564)	(637,503)	(683,909)	(219,942)	-	(365,420)
Gain (loss) on sale of capital assets	-	-	-	-	-	-
Total other financing sources (uses)	<u>(42,564)</u>	<u>(623,001)</u>	<u>(683,909)</u>	<u>68,740</u>	<u>-</u>	<u>(365,420)</u>
Net change in fund balances	409,051	(166,895)	(275,985)	(310,042)	(13,223)	425,250
Fund balances (deficit) - beginning	<u>1,022,071</u>	<u>1,084,050</u>	<u>-</u>	<u>1,288,779</u>	<u>(14,344)</u>	<u>1,443,405</u>
Fund balances (deficit) - ending	<u>\$ 1,431,122</u>	<u>\$ 917,155</u>	<u>\$ (275,985)</u>	<u>\$ 978,737</u>	<u>\$ (27,567)</u>	<u>\$ 1,868,655</u>

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
(Continued)

	Maintenance Assessment District	Transit System	Home Investment Partnership Program	EDBG Grants	Low and Moderate Income Housing Asset Fund	Total
REVENUES						
Intergovernmental	\$ 2,574	\$ 262,658	\$ -	\$ -	\$ 8,584	\$ 2,599,475
Use of money and property	13,793	228	28,266	791	-	157,909
Charges for services	310,498	25,827	-	-	-	336,325
Miscellaneous	-	255	-	-	-	633
Total revenues	<u>326,865</u>	<u>288,968</u>	<u>28,266</u>	<u>791</u>	<u>8,584</u>	<u>3,094,342</u>
EXPENDITURES						
Current:						
General government	-	2,453	-	-	-	5,391
Public safety	-	-	-	-	-	13,287
Highway and streets	277,548	502,107	-	-	-	1,230,002
Community development	-	-	9,072	1,380	-	10,452
Capital outlay	-	97,811	-	-	-	357,797
Total expenditures	<u>277,548</u>	<u>602,371</u>	<u>9,072</u>	<u>1,380</u>	<u>-</u>	<u>1,616,929</u>
Excess (deficiency) of revenues over (under) expenditures	<u>49,317</u>	<u>(313,403)</u>	<u>19,194</u>	<u>(589)</u>	<u>8,584</u>	<u>1,477,413</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	36,216	-	14,847	-	354,247
Transfers out	-	-	(3,018)	-	-	(1,952,356)
Gain (loss) on sale of capital assets	-	4,675	-	-	(104,000)	(99,325)
Total other financing sources (uses)	<u>-</u>	<u>40,891</u>	<u>(3,018)</u>	<u>14,847</u>	<u>(104,000)</u>	<u>(1,697,434)</u>
Net change in fund balances	49,317	(272,512)	16,176	14,258	(95,416)	(220,021)
Fund balances (deficit) - beginning	<u>625,171</u>	<u>(281,276)</u>	<u>1,308,744</u>	<u>30,018</u>	<u>58,441</u>	<u>6,565,059</u>
Fund balances (deficit) - ending	<u>\$ 674,488</u>	<u>\$ (553,788)</u>	<u>\$ 1,324,920</u>	<u>\$ 44,276</u>	<u>\$ (36,975)</u>	<u>\$ 6,345,038</u>

CITY OF CHOWCHILLA | JUNE 30, 2023

Nonmajor Enterprise Funds

Combining Statement of Net Position

	Storm Drain	Airport	Total
ASSETS			
Current assets:			
Cash and investments	\$ 2,131,158	\$ 186,000	\$ 2,317,158
Accounts receivable, net	23,340	-	23,340
Intergovernmental receivables	174,842	30,615	205,457
Total current assets	<u>2,329,340</u>	<u>216,615</u>	<u>2,545,955</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	1,838,248	454,204	2,292,452
Depreciable, net of accumulated depreciation	205,305	330,121	535,426
Total noncurrent assets	<u>2,043,553</u>	<u>784,325</u>	<u>2,827,878</u>
Total assets	<u>4,372,893</u>	<u>1,000,940</u>	<u>5,373,833</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan in current fiscal year	3,615	1,520	5,135
Deferred outflows of resources from pensions	<u>31,023</u>	<u>12,907</u>	<u>43,930</u>
Total deferred outflows of resources	<u>34,638</u>	<u>14,427</u>	<u>49,065</u>
LIABILITIES			
Current liabilities:			
Accounts payable	<u>195,814</u>	<u>10,086</u>	<u>205,900</u>
Total current liabilities	<u>195,814</u>	<u>10,086</u>	<u>205,900</u>
Noncurrent liabilities:			
Net pension liability	<u>15,790</u>	<u>6,639</u>	<u>22,429</u>
Total noncurrent liabilities	<u>15,790</u>	<u>6,639</u>	<u>22,429</u>
Total liabilities	<u>211,604</u>	<u>16,725</u>	<u>228,329</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources from pensions	<u>10,300</u>	<u>4,204</u>	<u>14,504</u>
Total deferred outflows of resources	<u>10,300</u>	<u>4,204</u>	<u>14,504</u>
NET POSITION			
Net investment in capital assets	2,043,553	784,325	2,827,878
Unrestricted	<u>2,142,074</u>	<u>210,113</u>	<u>2,352,187</u>
Total net position	<u>\$ 4,185,627</u>	<u>\$ 994,438</u>	<u>\$ 5,180,065</u>

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

	Storm Drain	Airport	Total
Operating revenues:			
Charges for services	\$ 223,083	\$ 18,889	\$ 241,972
Miscellaneous	5,253	4,327	9,580
Total operating revenues	228,336	23,216	251,552
Operating expenses:			
Personnel services	76,969	31,253	108,222
Materials, supplies and services	60,541	11,668	72,209
Depreciation	15,925	15,685	31,610
Total operating expenses	153,435	58,606	212,041
Operating income (loss)	74,901	(35,390)	39,511
Nonoperating revenues (expenses):			
Use of money and property	4,737	3,436	8,173
Taxes	58,217	12,622	70,839
Grants - capital	195,783	291,549	487,332
Grants - operating	-	10,827	10,827
Total nonoperating revenues (expenses)	258,737	318,434	577,171
Income (loss) before transfers	333,638	283,044	616,682
Transfers in	3,420,332	-	3,420,332
Transfers out	(2,213,109)	-	(2,213,109)
Change in net position	1,540,861	283,044	1,823,905
Net position - beginning	2,644,766	711,394	3,356,160
Net position - ending	\$ 4,185,627	\$ 994,438	\$ 5,180,065

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Enterprise Funds

Combining Statement of Cash Flows

	Storm Drain	Airport	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 232,198	\$ 18,889	\$ 251,087
Payments to suppliers	135,119	(1,819)	133,300
Payments to employees	(40,799)	(17,135)	(57,934)
Other operating revenues	5,253	4,327	9,580
Net cash provided by (used for) operating activities	331,771	4,262	336,033
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Grants received	-	10,827	10,827
Transfer from other funds	3,420,332	-	3,420,332
Transfer to other funds	(2,213,109)	-	(2,213,109)
Taxes received	58,217	12,622	70,839
Net cash provided by (used for) noncapital financing activities	1,265,440	23,449	1,288,889
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Grants received	20,941	273,811	294,752
Acquisition of capital assets	(1,441,253)	(240,613)	(1,681,866)
Net cash provided by (used for) capital and related financing activities	(1,420,312)	33,198	(1,387,114)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	4,737	3,436	8,173
Net cash provided by investing activities	4,737	3,436	8,173
Net increase (decrease) in cash and cash equivalents	181,636	64,345	245,981
Cash and cash equivalents - beginning	1,949,522	121,655	2,071,177
Cash and cash equivalents - ending	<u>\$ 2,131,158</u>	<u>\$ 186,000</u>	<u>\$ 2,317,158</u>

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023

Nonmajor Enterprise Funds

Combining Statement of Cash Flows

(Continued)

	Storm Drain	Airport	Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 74,901	\$ (35,390)	\$ 39,511
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	15,925	15,685	31,610
(Increase) decrease in:			
Accounts receivable	9,115	-	9,115
Deferred outflows of resources from pensions	10,130	2,851	12,981
Increase (decrease) in:			
Accounts payable and other liabilities	195,660	9,849	205,509
Net pension liability	38,930	15,815	54,745
Deferred inflows of resources from pension	(12,890)	(4,548)	(17,438)
Net cash provided by (used for) operating activities	<u>\$ 331,771</u>	<u>\$ 4,262</u>	<u>\$ 336,033</u>

CITY OF CHOWCHILLA | JUNE 30, 2023

Internal Service Funds

Combining Statement of Net Position

	Fleet Maintenance	Information Technology	Employee Benefits	Total
ASSETS				
Current assets:				
Cash and investments	\$ 11,818	\$ -	\$ 197,198	\$ 209,016
Accounts receivable, net	180	(116)	-	64
Prepaid expenses	-	3,651	(8,441)	(4,790)
Total current assets	11,998	3,535	188,757	204,290
Noncurrent assets:				
Capital assets:				
Nondepreciable	-	165,683	-	165,683
Depreciable, net of accumulated depreciation/amortization	32,837	235,235	-	268,072
Total noncurrent assets	32,837	400,918	-	433,755
Total assets	44,835	404,453	188,757	638,045
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan in current fiscal year	13,802	19,553	-	33,355
Deferred outflows of resources from pensions	118,396	165,962	-	284,358
Total deferred outflows of resources	132,198	185,515	-	317,713
LIABILITIES				
Current liabilities:				
Accrued salaries, wages, and benefits	1,643	13,304	52,222	67,169
Accrued payroll	-	-	149,246	149,246
Due to other funds	-	23,070	-	23,070
Compensated absences	-	-	382,055	382,055
Subscription liability - current	-	18,900	-	18,900
Current portion of lease liabilities	15,880	-	-	15,880
Total current liabilities	17,523	55,274	583,523	656,320
Noncurrent liabilities:				
Compensated absences	-	-	136,247	136,247
Net pension liability	60,287	85,407	-	145,694
Subscription liability - long-term	-	19,845	-	19,845
Lease liabilities	17,361	-	-	17,361
Total noncurrent liabilities	77,648	105,252	136,247	319,147
Total liabilities	95,171	160,526	719,770	975,467
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources from pensions	39,552	54,509	-	94,061
Total deferred inflows of resources	39,552	54,509	-	94,061
NET POSITION (DEFICIT)				
Net investment in capital assets	16,957	400,918	-	417,875
Unrestricted (deficit)	25,353	(25,985)	(531,013)	(531,645)
Total net position (deficit)	\$ 42,310	\$ 374,933	\$ (531,013)	\$ (113,770)

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

	Fleet Maintenance	Information Technology	Employee Benefits	Total
Operating revenues:				
Charges for services	\$ 267,618	\$ 811,402	\$ -	\$ 1,079,020
Miscellaneous	<u>67</u>	<u>264</u>	<u>-</u>	<u>331</u>
Total operating revenues	<u>267,685</u>	<u>811,666</u>	<u>-</u>	<u>1,079,351</u>
Operating expenses:				
Personnel services	270,743	405,903	46,685	723,331
Materials, supplies and services	97,725	338,996	-	436,721
Depreciation and amortization	<u>10,559</u>	<u>42,088</u>	<u>-</u>	<u>52,647</u>
Total operating expenses	<u>379,027</u>	<u>786,987</u>	<u>46,685</u>	<u>1,212,699</u>
Operating income (loss)	<u>(111,342)</u>	<u>24,679</u>	<u>(46,685)</u>	<u>(133,348)</u>
Nonoperating revenues (expenses):				
Gain (loss) sale of assets	3	-	-	3
Interest expense	<u>(3,197)</u>	<u>-</u>	<u>-</u>	<u>(3,197)</u>
Total nonoperating revenues (expenses)	<u>(3,194)</u>	<u>-</u>	<u>-</u>	<u>(3,194)</u>
Change in net position	(114,536)	24,679	(46,685)	(136,542)
Net position (deficit) - beginning	<u>156,846</u>	<u>350,254</u>	<u>(484,328)</u>	<u>22,772</u>
Net position (deficit) - ending	<u>\$ 42,310</u>	<u>\$ 374,933</u>	<u>\$ (531,013)</u>	<u>\$ (113,770)</u>

CITY OF CHOWCHILLA | FOR THE YEAR ENDED JUNE 30, 2023

Internal Service Funds

Combining Statement of Cash Flows

	Fleet Maintenance	Information Technology	Employee Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 267,618	\$ 811,338	\$ -	\$ 1,078,956
Payments to suppliers	(97,506)	(496,578)	-	(594,084)
Payments to or received from employees	(137,338)	(232,905)	135,663	(234,580)
Other operating revenues	67	264	-	331
Net cash provided by (used for) operating activities	32,841	82,119	135,663	250,623
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Loan from other funds	-	23,070	-	23,070
Net cash provided by (used for) noncapital financing activities	-	23,070	-	23,070
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Leases paid	(18,000)	-	-	(18,000)
Acquisition of capital assets	(14,177)	(183,683)	-	(197,860)
Proceeds from the sale of assets	3	-	-	3
Net cash provided by (used for) related financing activities	(32,174)	(183,683)	-	(215,857)
Net increase (decrease) in cash and cash equivalents	667	(78,494)	135,663	57,836
Cash and cash equivalents - beginning	11,151	78,494	61,535	151,180
Cash and cash equivalents - ending	\$ 11,818	\$ -	\$ 197,198	\$ 209,016
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (111,342)	\$ 24,679	\$ (46,685)	\$ (133,348)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	10,559	42,088	-	52,647
(Increase) decrease in:				
Accounts receivable	-	(64)	-	(64)
Prepaid expenses	-	(202)	104,135	103,933
Net pension asset	146,679	199,538	-	346,217
Deferred outflows of resources from pensions	34,165	21,566	-	55,731
Increase (decrease) in:				
Accounts payable and other liabilities	219	(157,380)	31,527	(125,634)
Compensated absences	-	-	46,686	46,686
Deferred inflows of resources from pensions	(47,439)	(48,106)	-	(95,545)
Net cash provided by (used for) operating activities	\$ 32,841	\$ 82,119	\$ 135,663	\$ 250,623

CITY OF CHOWCHILLA | JUNE 30, 2023

Custodial Funds

Combining Statement of Fiduciary Net Position

	Community		Greenhills	Pheasant Run	Total Custodial
	Facilities	District	Assessment District	Assessment District	
ASSETS					
Cash and investments (in City investment pool)	\$	774,736	\$	705,539	\$ 2,066,216
Restricted cash with fiscal agents		581,749		80,599	782,190
Accounts receivable (net)		902		5,318	20,555
Total assets		<u>1,357,387</u>		<u>791,456</u>	<u>2,868,961</u>
LIABILITIES					
Accounts payable		<u>2,558</u>		<u>152</u>	<u>3,002</u>
Total liabilities		<u>2,558</u>		<u>152</u>	<u>3,002</u>
NET POSITION					
Restricted for:					
Individuals, organizations, and other governments		<u>1,354,829</u>		<u>791,304</u>	<u>2,865,959</u>
Total net position	\$	<u><u>1,354,829</u></u>	\$	<u><u>791,304</u></u>	\$ <u><u>2,865,959</u></u>

CITY OF CHOWCHILLA | JUNE 30, 2023

Custodial Funds

Combining Statement of Changes in Fiduciary Net Position

	Community Facilities District	Greenhills Assessment District	Pheasant Run Assessment District	Total Custodial Funds
ADDITIONS				
Property tax collections	\$ 578,313	\$ 588,340	\$ 391,920	\$ 1,558,573
Investment earnings	<u>31,278</u>	<u>12,928</u>	<u>13,352</u>	<u>57,558</u>
Total additions	<u>609,591</u>	<u>601,268</u>	<u>405,272</u>	<u>1,616,131</u>
DEDUCTIONS				
Payments to bondholders	\$ 558,360	\$ 527,014	\$ 379,914	\$ 1,465,288
Administrative expenses	<u>40,211</u>	<u>19,982</u>	<u>17,994</u>	<u>78,187</u>
Total deductions	<u>598,571</u>	<u>546,996</u>	<u>397,908</u>	<u>1,543,475</u>
Change in fiduciary net position	11,020	54,272	7,364	72,656
Net position - beginning	<u>1,343,809</u>	<u>737,032</u>	<u>712,462</u>	<u>2,793,303</u>
Net position - ending	<u>\$ 1,354,829</u>	<u>\$ 791,304</u>	<u>\$ 719,826</u>	<u>\$ 2,865,959</u>