

CITY OF COALINGA

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
JUNE 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Coalinga, 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 Coalinga (the "City"), California, 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 audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 51-52, the Schedule of Proportionate Share of Net Pension Liability/(Asset) on page 53, and the Schedule of Contributions on page 54 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 combining and individual nonmajor fund financial statements and the budgetary comparison schedule for the Coalinga Public Finance Authority Fund and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the budgetary comparison schedule for the Coalinga Public Finance Authority Fund 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 22, 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 the City’s internal control over financial reporting and compliance.

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

March 22, 2024

CITY OF COALINGA

STATEMENT OF NET POSITION JUNE 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 25,215,280	\$ 5,815,441	\$ 31,030,721
Restricted cash with fiscal agent	520,119	7,528,405	8,048,524
Accounts receivable, net	56,039	1,530,457	1,586,496
Interest receivable	1,969,263	10,731	1,979,994
Lease receivable	166,554	-	166,554
Prepays	317,721	5,814	323,535
Due from other governments	4,512,893	175,803	4,688,696
Internal balances	18,500,000	(18,500,000)	-
Land held for resale	165,000	-	165,000
Notes receivable	2,727,613	-	2,727,613
Bonds receivable	619,942	-	619,942
Capital assets, net of allowance for depreciation	<u>34,074,943</u>	<u>17,752,213</u>	<u>51,827,156</u>
Total assets	<u>88,845,367</u>	<u>14,318,864</u>	<u>103,164,231</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	<u>2,079,807</u>	<u>608,424</u>	<u>2,688,231</u>
Total deferred outflows of resources	<u>2,079,807</u>	<u>608,424</u>	<u>2,688,231</u>
LIABILITIES			
Accounts payable	613,510	1,407,974	2,021,484
Accrued liabilities	307,968	82,820	390,788
Accrued interest payable	147,906	-	147,906
Deposits and claims payable	114,684	60,500	175,184
Unearned revenue	29,559	-	29,559
Long-term liabilities			
Due within one year	943,947	-	943,947
Due in more than one year	21,777,384	-	21,777,384
Lease liabilities	175,002	-	175,002
Net pension liability	1,557,647	416,058	1,973,705
Compensated absences	<u>474,418</u>	<u>162,758</u>	<u>637,176</u>
Total liabilities	<u>26,142,025</u>	<u>2,130,110</u>	<u>28,272,135</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	262,577	35,720	298,297
Deferred inflows of resources related to leases	<u>76,188</u>	<u>-</u>	<u>76,188</u>
Total deferred inflows of resources	<u>338,765</u>	<u>35,720</u>	<u>374,485</u>
NET POSITION			
Net investment in capital assets	11,353,612	9,045,618	20,399,230
Restricted for debt service	24,420,955	-	24,420,955
Restricted for specific projects and programs	9,833,560	-	9,833,560
Unrestricted	<u>18,836,257</u>	<u>3,715,840</u>	<u>22,552,097</u>
Total net position	<u>\$ 64,444,384</u>	<u>\$ 12,761,458</u>	<u>\$ 77,205,842</u>

See accompanying notes.

CITY OF COALINGA

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2023

Functions/Programs	Expense	Program Revenue			Net Revenue/(Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 1,450,934	\$ 105	\$ -	\$ -	\$ (1,450,829)	\$ -	\$ (1,450,829)
Public works	2,818,708	195,605	4,434,933	128,764	1,940,594	-	1,940,594
Community development	291,330	-	191,794	-	(99,536)	-	(99,536)
Public safety	11,047,787	2,736,011	3,847,145	-	(4,464,631)	-	(4,464,631)
Debt Service							
Capital outlay	1,480	-	-	-	(1,480)	-	(1,480)
Interest and fiscal charges	880,412	-	-	-	(880,412)	-	(880,412)
Total governmental activities	<u>16,490,651</u>	<u>2,931,721</u>	<u>8,473,872</u>	<u>128,764</u>	<u>(4,956,294)</u>	<u>-</u>	<u>(4,956,294)</u>
Business-type activities							
Water	6,067,882	5,696,863	-	327,657	-	(43,362)	(43,362)
Sewer	1,868,502	1,640,153	-	-	-	(228,349)	(228,349)
Natural Gas	4,258,152	4,078,026	-	-	-	(180,126)	(180,126)
Sanitation	<u>2,795,673</u>	<u>2,600,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(194,899)</u>	<u>(194,899)</u>
Total business-type activities	<u>14,990,209</u>	<u>14,015,816</u>	<u>-</u>	<u>327,657</u>	<u>-</u>	<u>(646,736)</u>	<u>(646,736)</u>
Total primary government	<u>\$ 31,480,860</u>	<u>\$ 16,947,537</u>	<u>\$ 8,473,872</u>	<u>\$ 456,421</u>	<u>(4,956,294)</u>	<u>(646,736)</u>	<u>(5,603,030)</u>
General Revenue							
Property taxes					3,846,938	-	3,846,938
Sales taxes					3,552,421	-	3,552,421
Franchise and other taxes					642,681	-	642,681
Business licenses					178,007	-	178,007
Rents					106,007	22,700	128,707
Interest income					731,650	320,653	1,052,303
Other					143,987	75,747	219,734
Gain/(loss) on sale of assets					9,028	(3,124)	5,904
Total general revenue					<u>9,210,719</u>	<u>415,976</u>	<u>9,626,695</u>
Change in Net Position					4,254,425	(230,760)	4,023,665
Net Position							
Beginning of year, restated					<u>60,189,958</u>	<u>12,992,218</u>	<u>73,182,176</u>
End of year					<u>\$ 64,444,384</u>	<u>\$ 12,761,458</u>	<u>\$ 77,205,842</u>

See accompanying notes.

CITY OF COALINGA

BALANCE SHEET – GOVERNMENTAL FUNDS JUNE 30, 2023

	General	Coalinga Public Financing Authority Debt Service Fund	Low-Moderate Housing Asset Special Revenue Fund	CalTrans	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 16,622,744	\$ 2,458,422	\$ 1,674,040	\$ 65,060	\$ 4,395,014	\$ 25,215,280
Cash and investments with fiscal agent	-	520,119	-	-	-	520,119
Accounts receivable, net	47,018	-	-	-	9,021	56,039
Interest receivable	22,482	1,935,656	3,651	-	7,474	1,969,263
Lease receivable	166,554	-	-	-	-	166,554
Due from other governments	711,722	-	28,842	107,152	3,665,177	4,512,893
Prepays	20,293	294,490	-	2,905	33	317,721
Land held for resale	-	-	165,000	-	-	165,000
Due from other funds	548,471	-	-	-	-	548,471
Advances to other funds	-	18,500,000	-	-	-	18,500,000
Notes receivable	-	-	2,727,613	-	-	2,727,613
Bonds receivable	-	619,942	-	-	-	619,942
Total assets	<u>\$ 18,139,284</u>	<u>\$ 24,328,629</u>	<u>\$ 4,599,146</u>	<u>\$ 175,117</u>	<u>\$ 8,076,719</u>	<u>\$ 55,318,895</u>
LIABILITIES						
Accounts payable	\$ 217,374	\$ -	\$ 4,189	\$ 42,645	\$ 349,302	\$ 613,510
Accrued liabilities	307,968	-	-	-	-	307,968
Deposits and claims payable	109,384	-	-	-	5,300	114,684
Due to other funds	-	-	-	-	548,471	548,471
Unearned revenue	-	-	-	-	29,559	29,559
Total liabilities	<u>634,726</u>	<u>-</u>	<u>4,189</u>	<u>42,645</u>	<u>932,632</u>	<u>1,614,192</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred right to use - lease income	76,188	-	-	-	-	76,188
Unavailable revenues	-	-	2,727,613	-	2,638,172	5,365,785
Total deferred inflows of resources	<u>76,188</u>	<u>-</u>	<u>2,727,613</u>	<u>-</u>	<u>2,638,172</u>	<u>5,441,973</u>
FUND BALANCE						
Nonspendable:						
Leases receivable	166,554	-	-	-	-	166,554
Restricted:						
Debt service	-	24,328,629	-	-	92,326	24,420,955
Emergency medical transportation	3,420,155	-	-	-	-	3,420,155
Community development	-	-	1,867,344	-	-	1,867,344
Storm drainage and flood control	-	-	-	-	385,212	385,212
Streets and bridges	-	-	-	-	125,386	125,386
Public building and facilities	-	-	-	-	103,343	103,343
Park improvements	-	-	-	-	283,645	283,645
Transit system	-	-	-	132,472	-	132,472
Street maintenance	-	-	-	-	1,873,565	1,873,565
LTF Article 8	-	-	-	-	1,184,942	1,184,942
Law enforcement and fire	-	-	-	-	349,818	349,818
EDA Community buildings	-	-	-	-	47,742	47,742
EDA revolving loans	-	-	-	-	59,936	59,936
Unassigned	13,841,661	-	-	-	-	13,841,661
Total fund balance	<u>17,428,370</u>	<u>24,328,629</u>	<u>1,867,344</u>	<u>132,472</u>	<u>4,505,915</u>	<u>48,262,730</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 18,139,284</u>	<u>\$ 24,328,629</u>	<u>\$ 4,599,146</u>	<u>\$ 175,117</u>	<u>\$ 8,076,719</u>	<u>\$ 55,318,895</u>

See accompanying notes.

CITY OF COALINGA

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2023

Total governmental fund balance \$ 48,262,730

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

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds. 34,074,943

Other long-term assets are not available resources and, therefore, are not
reported in the funds.

Deferred outflows of resources related to net pension liability, represent a
consumption of net position that applies to future period(s) and so will not be
recognized as an inflow of resources (revenue) until that time. 2,079,807

Net pension liability are not due and payable in the current
period and, therefore, are not reported in the funds. (1,557,647)

Deferred inflows of resources related to net pension liability, represent an
as liabilities in the Statement of Net Position since revenue recognition
is not based upon measurable and available criteria. (262,577)

Unavailable revenue balances relating to certain receivables are not reported
acquisition of net position that applies to future period(s) and so will not be
recognized as an inflow of resources (revenue) until that time.

Governmental long-term liabilities are not due and payable in the current
period and, therefore, are not reported in the funds. (22,896,333)

Compensated absences are not due and payable in the current
period and therefore are not reported in the funds. (474,418)

Interest on long-term debt is reported as an expenditure of the Governmental
Funds when paid because it requires the use of current financial
resources. However, accrued interest must be recorded when incurred. (147,906)

Unavailable revenues are not available to pay for current period expenditures
and, therefore, are reported as unavailable revenues in the funds. 5,365,785

Net position of governmental activities \$ 64,444,384

CITY OF COALINGA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2023

	General	Coalinga Public Financing Authority	Low-Moderate Housing Asset Special Revenue Fund	CalTrans	Nonmajor Governmental Funds	Total Governmental Funds
Revenue						
Taxes and special assessments	\$ 8,042,040	\$ -	\$ -	\$ -	\$ -	\$ 8,042,040
Licenses, permits and impact fees	945,191	-	-	-	13,310	958,501
Intergovernmental	1,981,449	-	331,113	1,309,994	3,540,255	7,162,811
Charges for services	2,139,316	-	-	-	-	2,139,316
Fines and forfeitures	11,911	-	-	-	-	11,911
Use of money and property	170,991	787,138	7,175	-	4,512	969,816
Interest	-	-	-	-	20,596	20,596
Other	143,987	-	-	-	-	143,987
Total revenue	<u>13,434,885</u>	<u>787,138</u>	<u>338,288</u>	<u>1,309,994</u>	<u>3,578,673</u>	<u>19,448,978</u>
Expenditures						
Current						
General government	1,135,425	11,566	-	-	-	1,146,991
Public works	343,538	-	-	10,178	1,847,931	2,201,647
Community development	443,545	-	35,471	-	1,070	480,086
Public safety	8,807,897	-	-	-	124,999	8,932,896
Capital outlay	1,041,507	-	50,449	1,416,638	1,473,719	3,982,313
Debt Service						
Principal	555,942	310,000	-	-	37,130	903,072
Interest and fiscal charges	15,766	577,893	-	-	5,070	598,729
Total expenditures	<u>12,343,620</u>	<u>899,459</u>	<u>85,920</u>	<u>1,426,816</u>	<u>3,489,919</u>	<u>18,245,734</u>
Revenue over/(under) expenditures	1,091,265	(112,321)	252,368	(116,822)	88,754	1,203,244
Other Financing Sources/(Uses)						
Capital lease proceeds	201,769	-	-	-	-	201,769
Total other financing sources	<u>201,769</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,769</u>
Change in Fund Balance	1,293,034	(112,321)	252,368	(116,822)	88,754	1,405,013
Fund Balance						
Beginning of year	16,135,336	24,440,950	1,614,976	249,294	4,417,160	46,857,716
End of year	<u>\$ 17,428,370</u>	<u>\$ 24,328,629</u>	<u>\$ 1,867,344</u>	<u>\$ 132,472</u>	<u>\$ 4,505,915</u>	<u>\$ 48,262,730</u>

CITY OF COALINGA

RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION YEAR ENDED JUNE 30, 2023

Net change in fund balance - total governmental funds \$ 1,405,013

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

Depreciation expense on capital assets is reported in the Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not required as expenditures in Governmental Funds (1,397,523)

Pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in the Governmental Funds (1,586,596)

Amortization of deferred debt costs in the Statement of Activities does not require the use of current financial resources and is not required as expenditures in Governmental Funds 17,154

Governmental Funds report proceeds from the sale of assets as revenue. However, in the Statement of Activities the proceeds are reduced by the book value of the asset 9,028

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets are capitalized as an asset and depreciated over the period of service 3,982,313

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets (201,769)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds 1,439,825

Repayment of long-term debt is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position 837,940

Compensated absence costs in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds (98,206)

In the Statement of Activities interest is accrued on long-term debt, whereas, in governmental funds interest expenditure is reported when due (152,754)

Change in net position of governmental activities \$ 4,254,425

CITY OF COALINGA

STATEMENT OF NET POSITION – PROPRIETARY FUNDS JUNE 30, 2023

	Business-Type Activities - Enterprise Funds				Total Proprietary Funds
	Water	Sewer	Natural Gas	Sanitation	
ASSETS					
Current assets					
Cash and investments	\$ 1,234,499	\$ 3,342,163	\$ 1,089,103	\$ 149,676	\$ 5,815,441
Cash and investments with fiscal agent	7,528,405	-	-	-	7,528,405
Accounts receivable, net	819,448	101,802	345,659	263,548	1,530,457
Interest receivable	3,146	5,883	1,643	59	10,731
Due from other governments	-	175,803	-	-	175,803
Prepays	2,889	1,818	1,100	7	5,814
Total current assets	<u>9,588,387</u>	<u>3,627,469</u>	<u>1,437,505</u>	<u>413,290</u>	<u>15,066,651</u>
Non-current assets					
Property, plant and equipment, net of allowance for depreciation	<u>11,282,355</u>	<u>6,075,176</u>	<u>394,682</u>	<u>-</u>	<u>17,752,213</u>
Total noncurrent assets	<u>11,282,355</u>	<u>6,075,176</u>	<u>394,682</u>	<u>-</u>	<u>17,752,213</u>
Total assets	<u>20,870,742</u>	<u>9,702,645</u>	<u>1,832,187</u>	<u>413,290</u>	<u>32,818,864</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	<u>276,091</u>	<u>131,530</u>	<u>176,858</u>	<u>23,945</u>	<u>608,424</u>
Total deferred outflows of resources	<u>276,091</u>	<u>131,530</u>	<u>176,858</u>	<u>23,945</u>	<u>608,424</u>
LIABILITIES					
Current liabilities					
Accounts payable	467,472	235,882	90,400	614,220	1,407,974
Accrued liabilities	-	22,911	41,681	18,228	82,820
Deposits	<u>60,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,500</u>
Total current liabilities	<u>527,972</u>	<u>258,793</u>	<u>132,081</u>	<u>632,448</u>	<u>1,551,294</u>
Non-current liabilities					
Advances from other funds	16,235,000	2,265,000	-	-	18,500,000
Compensated absences	77,540	38,247	45,913	1,058	162,758
Net pension liabilities	<u>188,799</u>	<u>89,944</u>	<u>120,941</u>	<u>16,374</u>	<u>416,058</u>
Total noncurrent liabilities	<u>16,501,339</u>	<u>2,393,191</u>	<u>166,854</u>	<u>17,432</u>	<u>19,078,816</u>
Total liabilities	<u>17,029,311</u>	<u>2,651,984</u>	<u>298,935</u>	<u>649,880</u>	<u>20,630,110</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	<u>16,209</u>	<u>7,722</u>	<u>10,383</u>	<u>1,406</u>	<u>35,720</u>
Total deferred inflows of resources	<u>16,209</u>	<u>7,722</u>	<u>10,383</u>	<u>1,406</u>	<u>35,720</u>
NET POSITION					
Net investment in capital assets	2,575,760	6,075,176	394,682	-	9,045,618
Unrestricted/(deficit)	<u>1,525,553</u>	<u>1,099,293</u>	<u>1,305,045</u>	<u>(214,051)</u>	<u>3,715,840</u>
Total net position	<u>\$ 4,101,313</u>	<u>\$ 7,174,469</u>	<u>\$ 1,699,727</u>	<u>\$ (214,051)</u>	<u>\$ 12,761,458</u>

CITY OF COALINGA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds				Total Proprietary Funds
	Water	Sewer	Natural Gas	Sanitation	
Operating Revenue					
Charges for services	\$ 5,695,463	\$ 1,640,153	\$ 4,078,026	\$ 2,600,774	\$ 14,014,416
Connection charges	1,400	-	-	-	1,400
Total operating income	<u>5,696,863</u>	<u>1,640,153</u>	<u>4,078,026</u>	<u>2,600,774</u>	<u>14,015,816</u>
Operating Expense					
Personnel	1,564,620	685,565	879,230	78,970	3,208,385
Contractual services and utilities	1,261,033	652,432	998,383	2,649,511	5,561,359
Supplies and materials	1,060,022	202,442	160,865	45,046	1,468,375
Cost of sales	1,103,412	-	2,143,414	-	3,246,826
Bad debt	22,083	10,504	15,892	22,146	70,625
Depreciation	547,488	250,037	60,368	-	857,893
Total operating expense	<u>5,558,658</u>	<u>1,800,980</u>	<u>4,258,152</u>	<u>2,795,673</u>	<u>14,413,463</u>
Operating income/(loss)	<u>138,205</u>	<u>(160,827)</u>	<u>(180,126)</u>	<u>(194,899)</u>	<u>(397,647)</u>
Nonoperating Revenue/(Expense)					
Intergovernmental	-	267,804	-	-	267,804
Development impact fees	16,149	43,704	-	-	59,853
Interest income	297,029	17,702	5,175	747	320,653
Miscellaneous	45,021	22,700	-	30,726	98,447
Gain (loss) on sale of assets	(3,124)	-	-	-	(3,124)
Interest expense	(509,224)	(67,522)	-	-	(576,746)
Total nonoperating revenue/(expense)	<u>(154,149)</u>	<u>284,388</u>	<u>5,175</u>	<u>31,473</u>	<u>166,887</u>
Net income/(loss) before transfers	(15,944)	123,561	(174,951)	(163,426)	(230,760)
Operating Transfers In/(Out)	<u>103,286</u>	<u>(51,643)</u>	<u>(51,643)</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>87,342</u>	<u>71,918</u>	<u>(226,594)</u>	<u>(163,426)</u>	<u>(230,760)</u>
Net Position					
Beginning of year	4,013,971	7,102,551	1,926,321	(50,625)	12,992,218
End of year	<u>\$ 4,101,313</u>	<u>\$ 7,174,469</u>	<u>\$ 1,699,727</u>	<u>\$ (214,051)</u>	<u>\$ 12,761,458</u>

CITY OF COALINGA

STATEMENT OF CASH FLOW - PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds				Total Business-Type Funds
	Water	Sewer	Natural Gas	Sanitation	
Operating Activities					
Receipts from customers and users	\$ 5,342,328	\$ 1,652,594	\$ 3,965,807	\$ 2,566,741	\$ 13,527,470
Payments to employees	(1,341,899)	(588,588)	(736,752)	(59,367)	(2,726,606)
Payments for contractual services and utilities	(1,268,493)	(477,384)	(1,199,827)	(2,389,904)	(5,335,608)
Payments to suppliers	(1,060,022)	(202,442)	(159,892)	(45,046)	(1,467,402)
Payments for cost of sales	(1,103,412)	-	(2,143,414)	-	(3,246,826)
Net cash provided by (used in) operating activities	<u>568,502</u>	<u>384,180</u>	<u>(274,078)</u>	<u>72,424</u>	<u>751,028</u>
Non-capital Financial Activities					
Payments from other governments	-	92,001	-	-	92,001
Payments (to)/from other funds	(136,714)	(121,643)	(51,643)	-	(310,000)
Net cash provided by (used in) noncapital financing activities	<u>(136,714)</u>	<u>(29,642)</u>	<u>(51,643)</u>	<u>-</u>	<u>(217,999)</u>
Capital and Related Financing Activities					
Development impact fees received	16,149	43,704	-	-	59,853
Rental income received	45,021	22,700	-	30,726	98,447
Purchase of property, plant and equipment	(406,293)	(654,720)	-	-	(1,061,013)
Interest paid on long-term debt	(509,224)	(67,522)	-	-	(576,746)
Net cash provided by (used in) capital and related financing activities	<u>(854,347)</u>	<u>(655,838)</u>	<u>-</u>	<u>30,726</u>	<u>(1,479,459)</u>
Investing Activities					
Interest received	<u>294,399</u>	<u>13,237</u>	<u>3,949</u>	<u>709</u>	<u>312,294</u>
Net cash provided by (used in) investing activities	<u>294,399</u>	<u>13,237</u>	<u>3,949</u>	<u>709</u>	<u>312,294</u>
Net Increase (Decrease) in Cash	<u>(128,160)</u>	<u>(288,063)</u>	<u>(321,772)</u>	<u>103,859</u>	<u>(634,136)</u>
Cash					
Beginning of year	<u>8,891,064</u>	<u>3,630,226</u>	<u>1,410,875</u>	<u>45,817</u>	<u>13,977,982</u>
End of year	<u>\$ 8,762,904</u>	<u>\$ 3,342,163</u>	<u>\$ 1,089,103</u>	<u>\$ 149,676</u>	<u>\$ 13,343,846</u>

CITY OF COALINGA

STATEMENT OF CASH FLOW - PROPRIETARY FUNDS (CONTINUED) YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds				Total Business-Type Funds
	Water	Sewer	Natural Gas	Sanitation	
Reconciliation of cash to financial statements:					
Cash and investments	\$ 1,234,499	\$ 3,342,163	\$ 1,089,103	\$ 149,676	\$ 5,815,441
Cash and investments with fiscal agent	<u>7,528,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,528,405</u>
	<u>\$ 8,762,904</u>	<u>\$ 3,342,163</u>	<u>\$ 1,089,103</u>	<u>\$ 149,676</u>	<u>\$ 13,343,846</u>
Cash Flows from Operating Activities					
Operating income (loss)	\$ 138,205	\$ (160,827)	\$ (180,126)	\$ (194,899)	\$ (397,647)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	547,488	250,037	60,368	-	857,893
Loss on fixed assets	-	-	973	-	973
Changes in assets and liabilities:					
(Increase) decrease in Accounts Receivable	(345,652)	22,945	(96,327)	(11,887)	(430,921)
(Increase) decrease in prepaids	(2,889)	(1,818)	(1,100)	(7)	(5,814)
(Increase) decrease in deferred outflows of resources	(61,451)	(29,275)	(39,364)	(5,330)	(135,420)
Increase (decrease) in accounts payable	(4,571)	174,479	(220,186)	241,714	191,436
Increase (decrease) in accrued liabilities	-	2,387	-	-	2,387
Increase (decrease) in deposits and other liabilities	13,200	-	19,842	17,900	50,942
Increase (decrease) in compensated absences	(1,226)	(9,712)	(978)	181	(11,735)
Increase (decrease) in deferred inflows of resources	597	285	382	52	1,316
Increase (decrease) in net pension liability	<u>284,801</u>	<u>135,679</u>	<u>182,438</u>	<u>24,700</u>	<u>627,618</u>
Net Cash Provided (Used in) Operating Activities	<u>\$ 568,502</u>	<u>\$ 384,180</u>	<u>\$ (274,078)</u>	<u>\$ 72,424</u>	<u>\$ 751,028</u>

CITY OF COALINGA

STATEMENT OF FIDUCIARY NET POSTION JUNE 30, 2023

	<u>Coalinga Successor Agency</u>	<u>Ayres/Beason Scholarship</u>	<u>Total Private Purpose Trust Funds</u>
ASSETS			
Cash and investments	\$ 956,948	\$ 50,246	\$ 1,007,194
Cash and investments with fiscal agent	107	-	107
Intergovernmental receivables	1,036,837	-	1,036,837
Interest receivable	1,036	89	1,125
Prepaid	33	-	33
Notes receivable	63,766	-	63,766
Land held for sale	<u>131,250</u>	<u>-</u>	<u>131,250</u>
Total assets	<u>2,189,977</u>	<u>50,335</u>	<u>2,240,312</u>
LIABILITIES			
Accounts payable and accrued expense	4,209	-	4,209
Accrued liabilities	2,337	-	2,337
Due to other government	373,843	-	373,843
Interest payable	18,546	-	18,546
Long-term Debt			
Due within one year	1,182,000	-	1,182,000
Due in more than one year	<u>3,609,096</u>	<u>-</u>	<u>3,609,096</u>
Total liabilities	<u>5,190,031</u>	<u>-</u>	<u>5,190,031</u>
DEFERRED INFLOWS OF RESOURCES			
Gain on bond refunding	<u>5,414</u>	<u>-</u>	<u>5,414</u>
Total deferred inflows of resources	<u>5,414</u>	<u>-</u>	<u>5,414</u>
NET POSITION			
Net position held in trust for:			
Redevelopment dissolution and other purposes	(3,005,468)	-	(3,005,468)
Scholarship	<u>-</u>	<u>50,335</u>	<u>50,335</u>
Total net position (deficit)	<u>\$ (3,005,468)</u>	<u>\$ 50,335</u>	<u>\$ (2,955,133)</u>

CITY OF COALINGA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION YEAR ENDED JUNE 30, 2023

	Coalinga Successor Agency	Ayres/Beason Scholarship	Total Private Purpose Trust Funds
ADDITIONS			
Property taxes	\$ 1,129,630	\$ -	\$ 1,129,630
Investments, rents and other earnings	3,547	174	3,721
Total additions	<u>1,133,177</u>	<u>174</u>	<u>1,133,351</u>
DEDUCTIONS			
Administrative costs	(292,761)	-	(292,761)
Interest and fiscal agency expenses	<u>237,511</u>	<u>-</u>	<u>237,511</u>
Total deductions	<u>322,593</u>	<u>-</u>	<u>322,593</u>
Change in Net Position	810,584	174	810,758
Net Position			
Beginning of year	<u>(3,816,052)</u>	<u>50,161</u>	<u>(3,765,891)</u>
End of year	<u><u>\$ (3,005,468)</u></u>	<u><u>\$ 50,335</u></u>	<u><u>\$ (2,955,133)</u></u>

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The City of Coalinga, California (the “City”) was incorporated as a general law city in 1906. The City operates under a Council-Manager form of government. The City's major operations include public safety; highways and streets; water, sewer, natural gas, transit and refuse collection; parks and recreation; building inspection; public improvements; planning and zoning, and general administrative services. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. There are no discretely presented component units included in these financial statements.

Blended Component Unit - The Coalinga Public Financing Authority (“CPFA”) was established in 1991 through a Joint Exercise of Powers Agreement between the City, the Agency, and the Coalinga-Huron Unified School District. The formation of the joint powers authority was approved by the City Council who is also designated as the Board of Directors for the CPFA. The City Manager is appointed Secretary with the City staff providing all support services. The purpose of the CPFA is solely to provide funds from the sale of revenue bonds to finance or refinance the costs of various projects for the City. The City set up the CPFA to act as a financing/lending type institution only. The CPFA/City legislative meetings are held concurrently. The CPFA is reported as a debt service fund and does not issue separate financial statements.

Basis of Accounting – Fund Accounting

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 unit. 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 expenses 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 expense 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.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements – The fund financial statements provide information about the City’s funds, including its fiduciary funds and blended component units. 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. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. 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.

The City reports the following major governmental funds:

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

The *Coalinga Public Financing Authority Debt Service Fund* is used to account for revenues and expenditures of the CPFA Revenue Bonds. Bond proceeds are to be used to finance or refinance the costs of various improvement projects for the City and other public agencies.

The *Low-Moderate Housing Asset Special Revenue Fund* accounts for monies received and expended for low- and moderate-income housing activities pursuant to AB1484.

The *CalTrans Special Revenue Fund* accounts for monies received and expended for street projects from the California Department of Transportation.

Enterprise fund financial statements include a statement of net position, statement of revenues, expenses and changes in net position, a statement of cash flows for each major enterprise fund and nonmajor funds aggregated.

The City has four major enterprise funds: the Water Fund, Sewer Fund, Natural Gas Fund, and Sanitation Fund, which 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 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:

Water Fund – The Water Fund accounts for the activities of the City’s water production and distribution operations.

Sewer Fund – The Sewer Fund accounts for the activities of the City’s sanitary sewer system operations.

Natural Gas – The Natural Gas Fund accounts for the operation and maintenance of the City’s natural gas system.

Sanitation Fund – The Sanitation Fund accounts for the operation and maintenance of the City’s sanitation system.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation – Fund Accounting

The City's fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fund's activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide statements because the resources of those funds are not available to support the City's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements.

Private-Purpose Trust Fund – The Private-Purpose Trust Fund accounts for assets held by the City as trustee for the Successor Agency and Ayres/Beason Scholarships.

The City reports the following private purpose trust funds:

The Coalinga Successor Agency Fund accounts for the assets and liabilities of the former Redevelopment Agency and its allocated revenue to pay estimated installment payments of the enforceable obligations until the obligations of the former Redevelopment Agency are paid in full and assets have been liquidated.

The Ayres/Beason Scholarship Fund accounts for the assets and liabilities of the Ayres/Beason scholarship.

Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

Governmental Fund Financial Statements – 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 as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

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

Financial Statement Amounts

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

The City maintains a cash and investment pool that is available for use by all funds. Interest earnings as result of this pooling are distributed to the appropriate funds based on year-end cash balances in each fund. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

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

Restricted Cash with Fiscal Agent – The City has funds held by trustee or fiscal agents pledged to the payment or security of bonds and are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The City reports restricted cash with fiscal agent in the CPFA debt service fund, the Water and Sewer enterprise funds, and the Coalinga Successor Agency private- purpose trust fund. Amounts reported in these funds are restricted for debt service payments and specific projects.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Accounts Receivable – These are comprised primarily of revenues that have been earned but not yet received by the City as of June 30 from individual customers, private entities and government agencies. In addition, this account includes accrued revenues due from other agencies for expenditure driven types of grants whereby the City accrues grant revenues for expenditures/expenses incurred but not yet reimbursed by the grantors. Also, property taxes earned but not received from the County of Fresno as of June 30 and unbilled services for utility and other services delivered to customers but not billed as of June 30, are included in this account. Management determines the allowance for doubtful accounts by evaluating individual customer accounts. Utility customer closed accounts are written off when deemed uncollectible. Recoveries to utility customer receivables previously written off are recorded when received.

The City uses an independent billing company to bill and collect on all ambulance services. Ambulance billings consist of amounts owed by individuals for services rendered for ambulance transport. Management is not able to create a reasonable estimate of the collectability of existing accounts. In addition, the outstanding receivables are deemed unavailable as the City typically receives payment after the availability period of 60 days. The City records all ambulance receipts on a cash basis.

Property Tax Calendar – Fresno County is responsible for the assessment, collection and apportionment of property taxes for all taxing jurisdictions. Property taxes are levied in equal installments on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year. Property taxes are accounted for in the General Fund. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The City considers property taxes as available if they are collected within 60 days after year-end. Property tax on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid on August 31. However, unsecured property taxes are not susceptible to year-end accrual.

The City is permitted by Article XIII A of the State of California Constitution (known as Proposition 13) to levy a maximum tax of \$1 per \$100 of full cash value.

Interfund Receivables/Payable – During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Assets Held for Resale – Assets held by the City or the Coalinga Successor Agency for the purpose of improving and reselling are accounted for in the account. Property is valued at the lower of cost or net realizable value.

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the Government- Wide Financial Statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

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

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

	<u>Years</u>
Infrastructure	10 - 50
Buildings, structures and improvements	5 - 40
Water storage rights	40
Transmission and distribution equipment	5 - 50
Rolling equipment	2 - 30
Office equipment	3 - 10

Right-to-use lease assets – Lease agreements are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payment made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service.

Right-to-use lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life on the underlying asset, unless the lease contains a purchase option that the City has determined is reasonably certain of being exercised.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Unearned revenue – Is that for which 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 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.

Deferred Outflows and Inflows of Resources – The City recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. Refer to Notes 9 and 11 for a detailed listing of the deferred outflows and deferred inflows of resources the City has recognized.

Interest Payable – In the government-wide financial statements, interest payable of long-term debt is recognized as the liability is incurred for the governmental fund-types and proprietary-fund types.

In the fund financial statements, proprietary fund-types recognize the interest payable when the liability is incurred.

Leases

Lessee: The City is a lessee for a noncancellable lease of equipment. 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.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies (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.

Long-Term Debt – In the government-wide, proprietary fund and fiduciary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, proprietary fund and fiduciary fund financial statements. Bond premiums and discounts are deferred and amortized on a straight-line basis over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Gains or losses from refunding of debt are reported as deferred outflows or inflows of resources and amortized over the shorter of the life of the refunded debt or refunding debt. Amortization of these balances is recorded as a component of interest expense.

Prepaid bond insurance costs are amortized using the straight-line method over the life of the bonds. Amortization of these balances is recorded as a component of operating expenses.

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

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

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

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

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

Pensions – In government-wide financial statements, pensions are recognized and disclosed using the accrual basis of accounting (see Note 10 and the RSI section immediately following the notes to financial statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability/(asset) for each 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 of the City's fiscal year-end or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan. Changes in the net pension liability/(asset) 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/(asset) 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.

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

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

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

When both restricted and unrestricted net position are available, restricted resources are depleted first before the unrestricted resources are used.

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

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- **Unassigned:** This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the City.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Encumbrances – The City does not use encumbrance accounting.

Grant Revenues – Certain grant revenues are recognized when specific related expenditures have been incurred. In other grant programs, monies are virtually unrestricted as to purpose of expenditure and are only revocable for failure to comply with prescribed compliance requirements. These revenues are recognized at the time of receipt, or earlier if susceptible to accrual criteria are met. Cash received prior to incurrence of the related expenditure is recorded as unearned revenue.

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

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Stewardship, Compliance and Accountability

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

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

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

Deficit Net Position

Prior to February 1, 2012, the California Redevelopment Law provided tax increment financing as a source of revenue to redevelopment agencies to fund redevelopment activities. Once a redevelopment area was adopted, the former Agency could only receive tax increments to the extent that it could show on an annual basis that it had incurred indebtedness that must be repaid with tax increments. Due to the nature of the redevelopment financing, the former Agency liabilities exceeded assets. Therefore, the Agency historically carried a deficit, which was expected to be reduced as future tax increment revenues were received and used to reduce its outstanding long-term debt. This deficit was transferred to the Coalinga Successor Agency on February 1, 2012. At June 30, 2023, Coalinga Successor Agency has a deficit of \$3,005,468, which will be eliminated with future redevelopment property tax revenues distributed from the Redevelopment Property Tax Trust Fund administered by the County's Auditor-Controller.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 2 – Cash and Investments

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

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

Statement of Net Position:	
Cash and Investments	\$ 31,030,721
Cash and Investments with fiscal agent	8,048,524
Fiduciary Funds:	
Cash and Investments	1,007,194
Cash and Investments with fiscal agent	107
Total Cash and Investments	<u>\$ 40,086,546</u>

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

Cash on hand	\$ 2,652
Deposits with financial institutions	33,847,964
Investments	<u>6,235,930</u>
Total Cash and Investments	<u>\$ 40,086,546</u>

Fair Value Measurements

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

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

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

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 2 – Cash and Investments (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value.

LAIF is valued based on the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (Level 2 input).

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 2 – Cash and Investments (Continued)

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	None	None	None
Certificates of Deposits	1 year	None	None
Repurchase Agreements	30 days	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Municipal Bonds	None	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by maintaining funds in liquid, short-term investments which can be converted to cash when necessary to meet disbursement requirements. The City's investment in the Local Agency Investment Fund (“LAIF”) is available for withdraw in one business day.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 2 – Cash and Investments (Continued)

Information about the sensitivity of the fair values of the City’s investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity:

Investment Type	Fair Value	Remaining Maturity (in months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
State investment pool	\$ 6,235,930	\$ 6,235,930	\$ -	\$ -	\$ -
Total	\$ 6,235,930	\$ 6,235,930	\$ -	\$ -	\$ -

Disclosures Relating to Credit Risk

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

Investment Type	Fair Value	Minimum Legal Rating	Ratings at Year-End
			Not Rated
State investment pool	\$ 6,235,930	N/A	\$ 6,235,930
Total	\$ 6,235,930		\$ 6,235,930

Concentration of Credit Risk

Concentration of credit risk is the risk that the failure of any one issuer would place an undue financial burden on the City. The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated in the California Government Code. The City does not have any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total investments by reporting unit.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 2 – Cash and Investments (Continued)

Custodial Credit Risk

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

The carrying amounts of the City's cash deposits totaled \$33,847,964 at June 30, 2023. Bank balances were \$34,102,403, the total amount of which was insured and/or collateralized with securities held by the pledging financial institutions in the City's name.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 3 – Accounts Receivables

Summaries of accounts receivable and the corresponding allowances for uncollectibles at June 30, 2023 are as follows:

	General Fund	Coalinga Public Financing Authority Debt Service Fund	Low-Moderate Housing Asset Special Revenue Fund	CalTrans	Other Governmental Funds	Total Governmental Funds
Accounts receivable	\$ 47,018	\$ -	\$ -	\$ -	\$ 9,021	\$ 56,039
Interest receivable	22,482	1,935,656	3,651	-	7,474	1,969,263
Lease receivable	166,554	-	-	-	-	166,554
Due from other governments	711,722	-	28,842	107,152	3,665,177	4,512,893
Notes receivable	-	-	2,727,613	-	-	2,727,613
Bonds receivable	-	619,942	-	-	-	619,942
	<u>947,776</u>	<u>2,555,598</u>	<u>2,760,106</u>	<u>107,152</u>	<u>3,681,672</u>	<u>10,052,304</u>
Less: allowance for uncollectible	-	-	-	-	-	-
Accounts receivable, net	<u>\$ 947,776</u>	<u>\$ 2,555,598</u>	<u>\$ 2,760,106</u>	<u>\$ 107,152</u>	<u>\$ 3,681,672</u>	<u>\$ 10,052,304</u>

	Water	Sewer	Natural Gas	Sanitation	Total Proprietary Funds
Utility receivables	\$ 1,128,875	\$ 225,539	\$ 435,013	\$ 430,989	\$ 2,220,416
Due from other government	-	175,803	-	-	175,803
Interest receivable	3,146	5,883	1,643	59	10,731
	<u>1,132,021</u>	<u>407,225</u>	<u>436,656</u>	<u>431,048</u>	<u>2,406,950</u>
Less: allowance for uncollectible	<u>(309,427)</u>	<u>(123,737)</u>	<u>(89,354)</u>	<u>(167,441)</u>	<u>(689,959)</u>
Accounts receivable, net	<u>\$ 822,594</u>	<u>\$ 283,488</u>	<u>\$ 347,302</u>	<u>\$ 263,607</u>	<u>\$ 1,716,991</u>

Note 4 – Notes Receivable

Notes receivable of \$1,227,613 represent monies loaned to homebuyers in connection with a down payment assistance program. The loans are secured by real property with repayment due upon the sale of real property or starting at the end of the 30-year deferral period. At the time of sale, the seller pays the loan balance in full without interest. Starting at the end of the 30-year deferral period, the borrower is required to repay the Down Payment Assistance Loan, without interest, over the following 15 years.

Additionally, the City allocated \$1,500,000 in Successor Agency Housing Bond Proceeds as a residual receipts loan to Warthan Place Investors, LP (Warthan) for the construction of the Warthan Place Apartments Multi-Family Housing Project. The City will be repaid through a residual receipts agreement with Warthan at a 1.0% interest rate.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 5 – Interfund Activities

Current Interfund Receivables/Payables

Current interfund balances are generally short-term loans to cover temporary cash deficits in various funds and are expected to be repaid shortly after the end of the fiscal year. The City’s interfund receivables and payables consisted of the following at June 30, 2023:

	<u>Due To</u>	<u>Due From</u>
Major Funds:		
General Fund	\$ 548,471	\$ -
Nonmajor Funds:		
Grants Fund	-	548,471
	<u>\$ 548,471</u>	<u>\$ 548,471</u>

Long-Term Interfund Advances

Long-term interfund advances are advances to other funds that are not expected to be repaid in one year or less. The City’s long-term interfund advances consisted of the following at June 30, 2023:

	<u>Advances To</u>	<u>Advances From</u>
Major Funds:		
Coalinga Public Financing Authority Debt Service Fund	\$ 18,500,000	\$ -
Water Fund	-	16,235,000
Sewer Fund	-	2,265,000
	<u>\$ 18,500,000</u>	<u>\$ 18,500,000</u>

Bonds Receivable and Payable

The following is a summary of interfund bonds receivable and bonds payable at June 30, 2023:

	<u>Bonds Receivable</u>	<u>Bonds Payable</u>
Major Funds:		
Coalinga Public Financing Authority Debt Service Fund	\$ 619,942	\$ -
Fiduciary Funds:		
Coalinga Successor Agency Fund	-	619,942
	<u>\$ 619,942</u>	<u>\$ 619,942</u>

Transfer In/Out

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
Water Fund	\$ 103,286	\$ -
Natural Gas Fund	-	51,643
Sewer Fund	-	51,643
	<u>\$ 103,286</u>	<u>\$ 103,286</u>

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 5 – Interfund Activities (Continued)

Interfund Advances and Bonds Receivables and Payables

Bonds receivable consists of debt instruments purchased by the Coalinga Public Financing Authority (CPFA), which was established in 1991 through a Joint Exercise of Powers Agreement between the City, the former Redevelopment Agency of the City of Coalinga, and the Coalinga-Huron Unified School District. The formation of the joint powers authority was approved by the City Council who is also designated as the Board of Directors for the CPFA. The purpose of the CPFA is solely to provide funds from the sale of revenue bonds to finance the costs of various projects for the City and other external agencies. The City set up the CPFA to act as a financing/lending type institution only. In financing the various capital improvement projects, the CPFA purchased bonds, entered into lease/sub-lease agreements and capital financing contracts with the City and other external agencies. The following is a list of the debt instruments comprising the long-term interfund advances and bonds receivable balances in the CPFA debt service fund as of June 30, 2023:

In March 2021, the CPFA loaned \$16,475,000 and \$2,335,000 to the Water and Sewer enterprise funds, respectively, for the purpose of financing the Water Improvement Projects and the refunding of the 2012 Series Revenue Bonds. The outstanding balance as of June 30, 2023 in the Water and Sewer enterprise funds was \$16,235,000 and \$2,265,000, respectively.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 6 – Capital Assets – Capital asset activities for the year ended June 30, 2023 were as follows:

	Balance			Balance
	July 1, 2022	Additions	Retirements	June 30, 2023
<u>Governmental Activities</u>				
Capital assets, not being depreciated				
Land	\$ 2,321,946	\$ 50,476	\$ -	\$ 2,372,422
Construction in progress	2,623,124	3,136,006	(3,384,894)	2,374,236
Total capital assets, not being depreciated	<u>4,945,070</u>	<u>3,186,482</u>	<u>(3,384,894)</u>	<u>4,746,658</u>
Capital assets, being depreciated/amortized				
Buildings and improvements	13,582,683	305,836	-	13,888,519
Infrastructure	41,036,277	3,363,519	-	44,399,796
Machinery and equipment	7,575,534	283,748	(381,159)	7,478,123
Right-to-use equipment	-	227,622	-	227,622
Total capital assets, being depreciated/amortized	<u>62,194,494</u>	<u>4,180,725</u>	<u>(381,159)</u>	<u>65,994,060</u>
Less accumulated depreciation/amortization for				
Buildings and improvements	(7,717,891)	(269,127)	-	(7,987,018)
Infrastructure	(24,160,070)	(558,357)	-	(24,718,427)
Machinery and equipment	(3,720,261)	(537,289)	329,970	(3,927,580)
Right-to-use equipment	-	(32,750)	-	(32,750)
Total accumulated depreciation/amortization	<u>(35,598,222)</u>	<u>(1,397,523)</u>	<u>329,970</u>	<u>(36,665,775)</u>
Total capital assets, being depreciated/amortized, net	<u>26,596,272</u>	<u>2,783,202</u>	<u>(51,189)</u>	<u>29,328,285</u>
Governmental activities capital assets, net	<u>\$ 31,541,342</u>	<u>\$ 5,969,684</u>	<u>\$ (3,436,083)</u>	<u>\$ 34,074,943</u>
<u>Business-Type Activities</u>				
Capital assets, not being depreciated				
Land	\$ 1,068,039	\$ -	\$ -	\$ 1,068,039
Construction in progress	1,568,720	918,907	(598,832)	1,888,795
Total capital assets, not being depreciated	<u>2,636,759</u>	<u>918,907</u>	<u>(598,832)</u>	<u>2,956,834</u>
Capital assets, being depreciated				
Building	9,937,774	-	-	9,937,774
Improvements other than buildings	28,763,167	598,832	-	29,361,999
Machinery and equipment	5,031,439	141,133	(568,512)	4,604,060
Total capital assets, being depreciated	<u>43,732,380</u>	<u>739,965</u>	<u>(568,512)</u>	<u>43,903,833</u>
Less: accumulated depreciation	<u>(28,815,949)</u>	<u>(857,893)</u>	<u>565,388</u>	<u>(29,108,454)</u>
Total capital assets, being depreciated, net	<u>14,916,431</u>	<u>(117,928)</u>	<u>(3,124)</u>	<u>14,795,379</u>
Business-type activities capital assets, net	<u>\$ 17,553,190</u>	<u>\$ 800,979</u>	<u>\$ (601,956)</u>	<u>\$ 17,752,213</u>

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 6 – Capital Assets (Continued)

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

Governmental Functions:

General Government	\$	221,489
Public Works		640,851
Community Development		6,384
Public Safety		<u>528,799</u>
	\$	<u><u>1,397,523</u></u>

Business-Type Functions:

Water	\$	547,488
Sewer		250,037
Natural Gas		<u>60,368</u>
	\$	<u><u>857,893</u></u>

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 7 – Long-Term Debt

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

The City’s debt transactions are summarized below and discussed in detail thereafter:

	Restated Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Current Portion
<u>Governmental Activity Long Term Debt</u>					
<i>Direct Placements:</i>					
Bonds Payable:					
2000 Tax Allocation Bonds	\$ 619,942	\$ -	\$ -	\$ 619,942	\$ -
2021A Series Revenue Bonds (Water & Sewer)	10,610,000	-	(310,000)	10,300,000	310,000
2021B Series Revenue Bonds (Water)	8,200,000	-	-	8,200,000	130,000
Subtotal	19,429,942	-	(310,000)	19,119,942	440,000
2021 Bond premiums	493,173	-	(17,154)	476,019	-
2021 Deferred Loss on Refunding	(334,398)	-	12,986	(321,412)	-
Accreted Interest	1,779,401	152,754	-	1,932,155	-
Total Bonds Payable	21,368,118	152,754	(314,168)	21,206,704	440,000
<i>Direct Borrowings:</i>					
Financed Purchases:					
Police Vehicles	216,141	-	(97,347)	118,794	38,338
Police Motorola Radios	552,791	-	(188,958)	363,833	179,609
Fire Equipment	1,312,000	-	(280,000)	1,032,000	286,000
Total Governmental Activity Debt	\$ 23,449,050	\$ 152,754	\$ (880,473)	\$ 22,721,331	\$ 943,947
<u>Lease Liabilities</u>					
Government Activities	\$ -	\$ 201,769	\$ (26,767)	\$ 175,002	
<u>Compensated Absences</u>					
Government Activities	\$ 376,212	\$ 98,206	\$ -	\$ 474,418	
Business-Type Activities	\$ 174,493	\$ -	\$ (11,735)	\$ 162,758	
<u>Net Pension Liability/(Asset)</u>					
Government Activities	\$ (581,558)	\$ 2,139,205	\$ -	\$ 1,557,647	
Business-Type Activities	\$ (211,560)	\$ 627,618	\$ -	\$ 416,058	

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

Coalinga Public Financing Authority Bonds - The CPFA was established in 1991 through a Joint Exercise of Powers Agreement between the City, the Agency, and the Coalinga-Huron Unified School District. The formation of the joint powers authority was approved by the City Council who is also designated as the Board of Directors for the CPFA.

The purpose of the CPFA is solely to provide funds from the sale of revenue bonds to finance or refinance the costs of acquiring, constructing, or improving and equipping capital improvements (projects) for the City, the Agency, the Coalinga-Huron Unified School District, the Coalinga Hospital District, the West Hills Community College District, and other external agencies. The City set up the CPFA to act as a financing/lending type institution only.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 7 – Long-Term Debt (Continued)

Based on the financing/lending institution perception, financial reporting for the CPFA is through a conservative revenue/expenditure flow approach. The revenue/expenditure stream shows the true details of each financing agreement in addition to the initial Marks-Roos Bond Pool issue for the CPFA.

The CPFA shows revenues from the various financing agreements (i.e., payments of principal and interest) and expenditures for its own debt service. In addition, the CPFA balance sheet reflects bonds receivable which is offset by a corresponding amount in deferred revenue.

CPFA bonds outstanding at June 30, 2023 are as follows:

2000 Tax Allocation Bonds – In 2000 the CPFA issued bonds in the amount of \$3,404,942 to be used for RDA activities and is a capital appreciation bond. The principal payments are made each September and interest is paid semi-annually in September and March through 2018. The interest rates range from 5.2 to 5.85 percent.

2021A Revenue Refunding Bonds (Water and Sewer) – In March 2021, the City issued the 2021 Revenue Refunding Bonds for the principal amount of \$10,610,000. The issuance was to refund the outstanding principal balance of the 2012 Water and Sewer Revenue Bonds described above. The City refunded the above debts to reduce its total debt service over 26 years by \$3,477,709 and to obtain an economic gain (difference between the present values of debt service payments on the old and new debt) of \$1,656,502. The bonds bear interest at .539% - 3.559% and are payable semi-annually commencing October 2021 through April 2048.

2021B Revenue Refunding Bonds (Water) - In March 2021, the City issued the 2021B Revenue Refunding Bonds for the principal amount of \$8,200,000. The issuance was to finance Water Improvement projects. The bonds bear interest at 2.375% - 4.0% and are payable semi-annually commencing October 2021 through April 2051.

Debt service is secured by a pledge of net revenues of the City's Water and WasteWater Systems. The City covenants that it shall prescribe, revise and collect such charges for the services and facilities of the water and wastewater systems which shall produce revenues sufficient in each fiscal year to provide gross revenues which are sufficient to pay all water and wastewater operation and maintenance costs and all bond installment payments and produce net wastewater revenues equal to at least 1.25 times debt service coming due and payable during such fiscal year. The City is in compliance with those covenants as of June 30, 2023. Cash basis debt service paid during the fiscal year ended June 30, 2023 totaled \$562,798. Total water and wastewater system net revenues was \$2.6 million and net revenue available for debt was \$2 million at June 30, 2023.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 7 – Long-Term Debt (Continued)

Police Vehicles Financed Purchase – In April 2021, the City purchased five police vehicles totaling \$265,795 at 3.411% interest rate. The principal and interest payments totaling between \$42,200 to \$61,059 are made annually between April and May beginning in 2023 through 2026.

Fire Equipment Financed Purchase – In May 2021, the City entered into a financed purchase for certain fire apparatus and related equipment totaling \$1,455,000 at 1.02% interest rate. The principal and interest payments totaling between \$145,691 to \$153,780 are made semi-annually on March 1st and September 1st beginning in 2023 through 2026.

Police Motorola Radios Financed Purchase – In October 2021, the City entered into financed purchase for police radios totaling \$552,791 at 2.570% interest rate. The principal and interest payments totaling between \$188,958 are made annually on September 1st beginning in 2023 through 2024.

The annual requirement to amortize the principal and interest on all long-term debt at June 30, 2023 were as follows:

Years ending June 30,	Governmental Activities		
	Principal	Interest	Totals
2024	\$ 943,947	\$ 597,256	\$ 1,541,203
2025	961,809	580,668	1,542,477
2026	795,873	562,584	1,358,457
2027	758,429	548,055	1,306,484
2028	607,047	535,860	1,142,907
2029-2033	2,942,464	4,813,931	7,756,395
2034-2038	3,040,000	2,024,922	5,064,922
2039-2043	3,570,000	1,493,683	5,063,683
2044-2048	4,165,000	896,110	5,061,110
2049-2052	<u>2,850,000</u>	<u>186,963</u>	<u>3,036,963</u>
	<u>\$ 20,634,569</u>	<u>\$ 12,240,032</u>	<u>\$ 32,874,601</u>

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 8 – Leases

In fiscal year 1991, the City's General Fund leased a portion of land to a third party. The lease was initially for five years with the five options to extend for five additional years, or for a total of 30 years, of which the City anticipates will be exercised. The City received monthly payments of \$1,207 with the amended lease agreement for the duration of the initial lease period with a 3% increase during each five year extension. The City recognized \$13,710 in lease revenue and \$1,104 in interest revenue during the current fiscal year. As of June 30, 2023, the City's receivable for lease payments was \$166,554. 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 \$76,188.

In fiscal year 2023, the City entered into a five-year lease agreement as lessee for six vehicles. This lease is recorded in the General Fund and had an initial lease liability in the amount of \$201,769. As of June 30, 2023, the value of the lease liability was \$175,022. The City is required to make monthly principal and interest payments averaging \$3,159. The lease has an interest rate of 4.5%. The vehicles has an estimated useful life of five years. The value of the right-to-use asset as of the end of the current fiscal year was \$194,872 and had accumulated amortization of \$32,750.

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

Fiscal Years Ending June 30	Principal	Interest	Total
2024	\$ 36,659	\$ 10,724	\$ 47,383
2025	39,200	8,183	47,383
2026	41,921	5,462	47,383
2027	44,835	2,548	47,383
2028	12,387	246	12,633
Totals	<u>\$ 175,002</u>	<u>\$ 27,164</u>	<u>\$ 202,166</u>

Note 9 – Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item to report in this category:

- The City has \$2,688,231 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 will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category:

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 9 – Deferred Outflows/Inflows of Resources (continued)

- The City has \$298,297 in pension related items that qualify to be reported in deferred inflows of resources. The pension related deferred inflows of resources are described in Note 11.
- The City has \$76,188 in deferred inflow of resources associated with a lease receivable that will be recognized as revenue over the lease term.

Unavailable revenues arise only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The City has \$2,727,613 in notes and loans receivable reported in the Low-Moderate Housing Asset Fund and \$2,638,172 in the Local Transportation Fund reported as deferred inflows of resources reported for unavailable revenues.

Note 10 - Other Employee Benefits

The City offers medical, dental, vision, chiropractic and prescription insurance coverage, as well as group life insurance coverage, to employees and their dependents. Additionally, the City offers an employee assistance program to assist employees and their families with problem assessment and short-term counseling needs. The City pays a portion of premiums in connection with the insurance coverage offered by the City.

City Employee Post Retirement Benefits

In accordance with federal requirements, the City provides its retirees the opportunity to continue enrollment in the City's health insurance program. Premium charges paid by retirees are intended to cover the full cost of benefits provided without cost to the City. For the year ended June 30, 2023, no retirees were enrolled in the health insurance program.

Employee Deferred Compensation Plan

The City offers an Employee Deferred Compensation Plan created in accordance with the Internal Revenue Code Section 457 to its employees, allowing them to defer or postpone receipt of income. Amounts so deferred may not be paid to the employee during employment with the City except for a catastrophic circumstance creating an undue financial hardship for the employee.

Effective January 1, 1999, Federal legislation (Small Business Job Protection Act of 1996) requires the Section 457 plan assets to be placed in trust for the exclusive use of the plan participants and their beneficiaries.

The City's deferred compensation administrator, the International City Managers' Association (ICMA) or Verisight qualifies as the plan trustee to meet Federal requirements. Since the plan assets are no longer considered property and rights of the City, such assets are no longer reflected in the accompanying basic financial statements.

The City also offers to two employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401(a). All amounts deferred and invested under this plan, with related interest, are the property and rights of the participating employees and, as such, are not reflected in the accompanying basic financial statements.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 11 – Defined Benefit Pension Plan

California Public Employees’ Retirement Plan (CalPERS)

General Information about the Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Plan (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 sponsors five rate plans (two miscellaneous and three 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 of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees’ Retirement Law.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 11 – Defined Benefit Pension Plan

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

	<u>Miscellaneous Classic</u>	<u>PEPRA Miscellaneous</u>
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit Formula	2.0% at 55; maximum 2% COLA	2.0% at 62; maximum 2% COLA
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	55	62
Monthly Benefits, as a % of Eligible Compensation	2.00%	2.00%
Required Employee Contribution Rates	7.00%	6.25%
Required Employer Contribution Rates	10.320%	7.470%
	<u>Safety Classic</u>	<u>PEPRA Safety</u>
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit Formula	2.0% at 55; maximum 2% COLA	2.0% at 57; maximum 2% COLA
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	55	57
Monthly Benefits, as a % of Eligible Compensation	2.00%	2.00%
Required Employee Contribution Rates	7.00%	9.50%
Required Employer Contribution Rates	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 towards the unfunded liability and side fund, if applicable. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$87,094 for the fiscal year ended June 30, 2023.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The City's contributions to the plan that were recognized as a part of pension expense for the year ended June 30, 2023 were \$680,415.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 11 – Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources

As of June 30, 2023, the City reported a net pension liability/(asset) for its proportionate share of the Plan of Net Pension Liability/(Asset):

	1% Decrease <u>(5.90%)</u>	Current Discount Rate <u>(6.90%)</u>	1% Increase <u>(7.90%)</u>
Net Pension Liability/(Asset):			
Miscellaneous Plan	\$ 1,803,416	\$ 761,592	\$ (95,570)
Safety Police Plan	\$ 2,719,205	\$ 1,212,113	\$ (19,594)

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 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, 2022 and 2023 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2022	-0.020390%	-0.011560%
Proportion - June 30, 2023	<u>0.016280%</u>	<u>0.017640%</u>
Change - Increase/(Decrease)	<u>0.036670%</u>	<u>0.029200%</u>

For the year ended June 30, 2023, the City recognized pension credit of \$2,420,612. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 816,578	\$ -
Difference between expected and actual experience	65,459	(23,406)
Difference in projected and actual contributions	-	(274,891)
Change in employer's proportion	1,275,022	-
Changes in assumptions	200,259	-
Net differences between projected and actual earnings on pension plan investments	<u>330,913</u>	<u>-</u>
Total	<u>\$ 2,688,231</u>	<u>\$ (298,297)</u>

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 11 – Defined Benefit Pension Plan (Continued)

\$816,578 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, 2023. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2024	\$ 615,677
2025	499,051
2026	256,539
2027	202,087
Thereafter	-

Actuarial Assumptions

The total pension liabilities 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 in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' ¹ Membership Date for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.3% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2017 valuation was based on the results of a December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015), including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at CalPERS' website.

Changes of Assumptions – None.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 11 – Defined Benefit Pension Plan (Continued)

Discount rate

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

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 rounded down to the nearest one quarter of one percent.

The long-term expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal year ended June 30, 2022.

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10</u> ^{1,2}
Global Equity - Cap-weighted	30%	4.54%
Global Equity - Non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-back Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	<u>100%</u>	

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

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

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 11 – Defined Benefit Pension Plan (Continued)

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

– The following presents the City’s proportionate share of the net 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:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net Pension Liability/(Asset):			
Miscellaneous Plan	\$ 1,803,416	\$ 761,592	\$ (95,570)
Safety Police Plan	\$ 2,719,205	\$ 1,212,113	\$ (19,594)

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

The City did not have an outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

Note 12 – Risk Management

The City is a member of the Public Agency Risk Sharing Authority for California (PARSAC), a public entity risk pool in which there is a transferring (sharing) of risk among the pool participants. The City pays an annual premium to PARSAC for its general liability coverage. PARSAC is self-sustaining through member premiums. The City is insured under a retrospectively rated policy in which the initial premium is adjusted based on actual experience during the period of coverage. The City is responsible for all claims up to \$25,000 per occurrence for general and auto liability with a coverage limit at June 30, 2023 of \$975,000.

The City’s risk management program also includes fire, property and automobile insurance. The coverage includes an all risk-replacement cost blanket. Additionally, the City has property insurance coverage up to \$975,000 per occurrence.

The City provides worker’s compensation and employer’s liability coverage on all employees through PARSAC. This insurance is paid entirely by the City. All premiums are paid by the appropriate fund designation for each employee’s salary and benefits. In the risk management program for the City, a proactive approach is taken toward work safety for employees. Various training sessions and inspections are conducted throughout the year. The result has been a continued reduction of work related injury claims.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 13 – Contingent Liabilities and Commitments

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.

Federal Awards and Grants

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

Note 14 – Subsequent Events

The City evaluated subsequent events for recognition and disclosure through March 22, 2024, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2023 that required recognition or disclosure in such financial statements.

Note 15 – Deficit Net Position Balance

The Sanitation Fund had a deficit net position balances as of June 30, 2023 of \$214,051. The deficit is expected to be relieved from future revenues or transfers from the General Fund.

Note 16 – Expenditures in Excess of Budget

The General Fund had expenditures in excess of budget of \$668,507, \$275,942, and \$15,766 in capital outlay, principal, and interest appropriation category, respectively. The excess expenditures over budgeted amounts is covered in savings in other appropriation categories.

Note 17 – Coalinga Successor Agency Private Purpose Trust

On January 30, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with Assembly Bill 1X26 (the “Bill”) which dissolved all redevelopment agencies in the State of California. Under the control of an oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution of the redevelopment agency (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). Successor agencies are only allocated revenue in the amount that is necessary to pay 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.

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 17 – Coalinga Successor Agency Private Purpose Trust (Continued)

Cash and Investments - A reconciliation of the Coalinga Successor Agency Private Purpose Trust Fund’s cash and investments as of June 30, 2023 is as follows:

Fiduciary Funds:	
Cash and Investments	\$ 956,948
Cash and Investments with fiscal agent	<u>107</u>
Total Cash and Investments	<u>\$ 957,055</u>

Long-Term Liabilities - The following is a summary of long-term liabilities transactions for the Coalinga Successor Agency Private Purpose Trust Fund at June 30, 2023:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Current</u>
Bonds Payable					
Series 2000 Tax Allocation Bonds	\$ 619,942	\$ -	\$ -	\$ 619,942	\$ -
Series 2000 Tax Allocation Bonds - Accreted Interest	1,779,400	152,754	-	1,932,154	-
2018 Tax Allocation Refunding Bonds	<u>3,384,000</u>	<u>-</u>	<u>(1,145,000)</u>	<u>2,239,000</u>	<u>1,182,000</u>
	<u>\$ 5,783,342</u>	<u>\$ 152,754</u>	<u>\$ (1,145,000)</u>	<u>\$ 4,791,096</u>	<u>\$ 1,182,000</u>

2018 Successor Agency Tax Allocation Refunding Bonds

In 2018, the Successor Agency of the City of Coalinga issued Tax Allocation Refunding Bonds in the aggregate principal amount of \$5,657,000 to refund the 2009 RDA Tax Allocation Bonds and a portion of the 2000 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 2009 RDA Tax Allocation Bonds and a portion of the 2000 RDA Tax Allocation Bonds are considered defeased and the liability for those bonds is not included in fiduciary fund (private-purpose trust fund) statement of net position. The total debt service payments were reduced by \$1,214,868. The original amount of the note - \$5,657,000 – was secured by a pledge of tax revenues consisting of tax increment payments to be received by the Successor Agency. Semiannual payments range from \$7,625 to \$1,213,794 and are payable each March 15 and September 15 through 2025.

The annual debt service requirement schedule is as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 1,182,000	\$ 46,803	\$ 1,228,803
2025	520,000	22,635	542,635
2026	537,000	7,625	544,625
2027	140,429	564,571	705,000
2028	132,047	572,954	705,001
2029-2031	<u>347,466</u>	<u>1,767,534</u>	<u>2,115,000</u>
	<u>\$ 2,858,942</u>	<u>\$ 2,982,122</u>	<u>\$ 5,841,064</u>

CITY OF COALINGA

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

Note 18 – Net Position Restated

Beginning net position for the government-wide activities was adjusted for the understatement of deferred refunding costs of \$334,398, the effect of this increased beginning net position by \$334,398, respectively.

	<u>Governmental Activities</u>
Beginning net position, previously stated	\$ 59,855,560
<i>Prior Period Adjustments</i>	
(Overstatement)/understatement of deferred refunding	<u>334,398</u>
Increase/(Decrease) to fund balance/net position	<u>334,398</u>
Beginning fund balance/net position, restated	<u><u>\$ 60,189,958</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COALINGA

BUDGETARY COMPARISON SCHEDULE GENERAL FUND YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenue				
Taxes	\$ 7,314,700	\$ 7,314,700	\$ 8,042,040	\$ 727,340
Licenses and permits	1,545,964	1,545,964	945,191	(600,773)
Intergovernmental	30,000	30,000	1,981,449	1,951,449
Charges for services	2,141,100	2,141,100	2,139,316	(1,784)
Fines and forfeitures	15,300	15,300	11,911	(3,389)
Interest and rents	123,000	123,000	170,991	47,991
Other	15,100	15,100	143,987	128,887
Total revenue	<u>11,185,164</u>	<u>11,185,164</u>	<u>13,434,885</u>	<u>2,249,721</u>
Expenditures				
Current				
General government	1,166,521	1,166,521	1,135,425	31,096
Public works	444,385	444,385	343,538	100,847
Community development	653,187	653,187	443,545	209,642
Public safety	10,504,494	10,504,494	8,807,897	1,696,597
Capital outlay	373,000	373,000	1,041,507	(668,507)
Debt service				
Principal	280,000	280,000	555,942	(275,942)
Interest and fiscal charges	12,673	-	15,766	(15,766)
Total expenditures	<u>13,434,260</u>	<u>13,421,587</u>	<u>12,343,620</u>	<u>1,077,967</u>
Revenue over (under) expenditures	(2,249,096)	(2,236,423)	1,091,265	3,327,688
Other Financing Sources				
Capital lease proceeds	-	-	201,769	201,769
Transfers in (out) - net	(3,865)	(3,865)	-	3,865
Total other financing sources	(3,865)	(3,865)	201,769	205,634
Net Change in Fund Balance	<u>\$ (6,751,153)</u>	<u>\$ (2,240,288)</u>	1,293,034	<u>\$ 3,533,322</u>
Fund Balance				
Beginning of year			16,135,336	
End of year			<u>\$ 17,428,370</u>	

CITY OF COALINGA

BUDGETARY COMPARISON SCHEDULE

CALTRANS FUND

YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Intergovernmental	\$ 2,145,954	\$ 2,145,954	\$ 1,309,994	\$ (835,960)
Total revenue	<u>2,145,954</u>	<u>2,145,954</u>	<u>1,309,994</u>	<u>(835,960)</u>
Expenditures				
Current				
Public works	-	-	10,178	(10,178)
Capital outlay	<u>193,800</u>	<u>193,800</u>	<u>1,416,638</u>	<u>(1,222,838)</u>
Total expenditures	<u>193,800</u>	<u>193,800</u>	<u>1,426,816</u>	<u>(1,233,016)</u>
Change in Fund Balance	<u>\$ 1,952,154</u>	<u>\$ 1,952,154</u>	(116,822)	<u>\$ (2,068,976)</u>
Fund Balance				
Beginning of year			<u>249,294</u>	
End of year			<u>\$ 132,472</u>	

CITY OF COALINGA

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) LAST 10 YEARS* YEAR ENDED JUNE 30, 2023

Safety							
	Proportion of the net pension liability	Proportionate share of the net pension liability (asset)	Covered - employee payroll	Proportionate share of the net pension liability as percentage of covered-employee payroll	Plan's fiduciary net position	Plan's fiduciary net position as a percentage of the Total Pension Liability	
2015	-0.00040%	\$ (24,764)	\$ 2,141,042	-1.16%	\$ 3,526,312	100.77%	
2016	-0.00261%	\$ (179,376)	\$ 2,145,722	-8.36%	\$ 3,880,421	104.85%	
2017	0.00303%	\$ 156,661	\$ 2,248,951	6.97%	\$ 4,428,175	96.58%	
2018	0.00515%	\$ 307,854	\$ 2,285,727	13.47%	\$ 5,183,451	94.39%	
2019	0.00507%	\$ 297,259	\$ 2,079,202	14.30%	\$ 6,052,001	95.32%	
2020	0.00755%	\$ 471,246	\$ 1,921,567	24.52%	\$ 6,969,329	93.67%	
2021	0.01117%	\$ 744,196	\$ 2,620,397	28.40%	\$ 7,436,506	90.90%	
2022	-0.01156%	\$ (405,858)	\$ 2,827,637	-14.35%	\$ 9,479,880	104.47%	
2023	0.01764%	\$ 1,212,113	\$ 3,202,504	37.85%	\$ 9,701,058	88.89%	
Miscellaneous							
	Proportion of the net pension liability	Proportionate share of the net pension liability (asset)	Covered - employee payroll	Proportionate share of the net pension liability as percentage of covered-employee payroll	Plan's fiduciary net position	Plan's fiduciary net position as a percentage of the Total Pension Liability	
2015	-0.00254%	\$ (157,918)	\$ 2,675,362	-5.90%	\$ 2,916,022	105.73%	
2016	-0.00774%	\$ (212,430)	\$ 2,524,649	-8.41%	\$ 4,271,137	105.23%	
2017	0.00230%	\$ 79,836	\$ 2,485,868	3.21%	\$ 4,393,422	98.22%	
2018	0.00520%	\$ 205,163	\$ 2,514,668	8.16%	\$ 4,798,406	95.90%	
2019	0.00420%	\$ 158,391	\$ 2,185,347	7.25%	\$ 5,039,017	96.95%	
2020	0.00726%	\$ 290,630	\$ 2,160,485	13.45%	\$ 5,377,986	94.87%	
2021	0.01039%	\$ 438,323	\$ 2,251,865	19.46%	\$ 5,708,927	92.87%	
2022	-0.02039%	\$ (387,260)	\$ 2,756,233	-14.05%	\$ 6,933,651	10.60%	
2023	0.01628%	\$ 761,592	\$ 2,776,187	27.43%	\$ 6,881,006	90.03%	

* Fiscal year 2015 was the first year of implementation; therefore only nine years are shown.

CITY OF COALINGA

SCHEDULE OF CONTRIBUTIONS LAST 10 YEARS* YEAR ENDED JUNE 30, 2023

Safety							Contributions as a percentage of covered-employee payroll
	Contractually required contribution (actuarially determined)	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)		Covered-employee payroll		
2015	\$ 403,029	\$ (403,029)	\$ -	\$ -	2,141,042		18.82%
2016	\$ 230,903	\$ (230,903)	\$ -	\$ -	2,145,722		10.76%
2017	\$ 255,938	\$ (255,938)	\$ -	\$ -	2,248,951		11.38%
2018	\$ 243,442	\$ (243,442)	\$ -	\$ -	2,285,727		10.65%
2019	\$ 260,592	\$ (260,592)	\$ -	\$ -	2,079,202		12.53%
2020	\$ 239,528	\$ (239,528)	\$ -	\$ -	1,921,567		12.47%
2021	\$ 315,713	\$ (315,713)	\$ -	\$ -	2,620,397		12.05%
2022	\$ 410,014	\$ (410,014)	\$ -	\$ -	2,827,637		14.50%
2023	\$ 426,771	\$ (426,771)	\$ -	\$ -	3,202,504		13.33%
Miscellaneous							Contributions as a percentage of covered-employee payroll
	Contractually required contribution (actuarially determined)	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)		Covered-employee payroll		
2015	\$ 278,931	\$ (278,931)	\$ -	\$ -	2,675,362		10.43%
2016	\$ 165,587	\$ (165,587)	\$ -	\$ -	2,524,649		6.56%
2017	\$ 200,782	\$ (200,782)	\$ -	\$ -	2,485,868		8.08%
2018	\$ 194,921	\$ (194,921)	\$ -	\$ -	2,514,668		7.75%
2019	\$ 177,734	\$ (177,734)	\$ -	\$ -	2,185,347		8.13%
2020	\$ 207,624	\$ (207,624)	\$ -	\$ -	2,160,485		9.61%
2021	\$ 224,127	\$ (224,127)	\$ -	\$ -	2,251,865		9.95%
2022	\$ 270,401	\$ (270,401)	\$ -	\$ -	2,756,233		9.81%
2023	\$ 291,740	\$ (291,740)	\$ -	\$ -	2,776,187		10.51%

* Fiscal year 2015 was the first year of implementation; therefore only nine years are shown.

SUPPLEMENTARY INFORMATION

CITY OF COALINGA

BUDGETARY COMPARISON SCHEDULE COALINGA PUBLIC FINANCING AUTHORITY FUND YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Revenue				
Interest	\$ 728,667	\$ 728,667	\$ 787,138	\$ 58,471
Other	-	-	-	-
Total revenue	<u>728,667</u>	<u>728,667</u>	<u>787,138</u>	<u>58,471</u>
Expenditures				
Current				
General government				
Debt Service	-	-	11,566	(11,566)
Principal	310,000	310,000	310,000	-
Interest and fiscal charges	<u>303,488</u>	<u>303,488</u>	<u>577,893</u>	<u>(274,405)</u>
Total expenditures	<u>613,488</u>	<u>613,488</u>	<u>899,459</u>	<u>(285,971)</u>
Revenue over expenditures	115,179	115,179	(112,321)	(227,500)
Change in Fund Balance	<u>\$ 115,179</u>	<u>\$ 115,179</u>	(112,321)	<u>\$ (227,500)</u>
Fund Balance				
Beginning of year			<u>24,440,950</u>	
End of year			<u>\$ 24,328,629</u>	

CITY OF COALINGA

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2023

	Special Revenue Funds				
	Grants Fund	Gas Tax	SB1 RMRA Fund	Measure C	Local Transportation
ASSETS					
Cash and investments	\$ -	\$ 135,964	\$ 123,106	\$ 1,521,537	\$ 1,197,777
Accounts receivable, net	-	-	-	-	-
Interest receivable	8	214	183	2,739	2,264
Due from other governments	675,328	39,480	70,654	176,272	2,638,172
Prepays	-	33	-	-	-
Total assets	<u>\$ 675,336</u>	<u>\$ 175,691</u>	<u>\$ 193,943</u>	<u>\$ 1,700,548</u>	<u>\$ 3,838,213</u>
LIABILITIES					
Accounts payable and accrued expense	\$ 33,384	\$ 24,870	\$ 48,444	\$ 193,887	\$ 15,099
Deposits and claims payable	-	-	-	-	-
Unearned revenues	22,897	-	-	-	-
Due to other funds	548,471	-	-	-	-
Total liabilities	<u>604,752</u>	<u>24,870</u>	<u>48,444</u>	<u>193,887</u>	<u>15,099</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	-	-	-	-	2,638,172
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,638,172</u>
FUND BALANCE					
Restricted					
Debt service	-	-	-	-	-
Street maintenance	70,584	150,821	145,499	1,506,661	-
LTF Article 8	-	-	-	-	1,184,942
Public safety	-	-	-	-	-
Economic development	-	-	-	-	-
Low-income housing activities	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>70,584</u>	<u>150,821</u>	<u>145,499</u>	<u>1,506,661</u>	<u>1,184,942</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 675,336</u>	<u>\$ 175,691</u>	<u>\$ 193,943</u>	<u>\$ 1,700,548</u>	<u>\$ 3,838,213</u>

See accompanying notes.

CITY OF COALINGA

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED) JUNE 30, 2023

	Special Revenue Funds			Capital Projects Fund	Debt Service Fund	Total Non-major Governmental Funds
	COPS Grants	EDA Building Rentals	EDA Revolving Loans	Development Impact Fees	Assessments Debt Service	
ASSETS						
Cash and investments	\$ 238,800	\$ 50,593	\$ 59,831	\$ 975,242	\$ 92,164	\$ 4,395,014
Accounts receivable, net	-	9,021	-	-	-	9,021
Interest receivable	-	90	105	1,709	162	7,474
Due from other governments	65,271	-	-	-	-	3,665,177
Prepays	-	-	-	-	-	33
Total assets	<u>\$ 304,071</u>	<u>\$ 59,704</u>	<u>\$ 59,936</u>	<u>\$ 976,951</u>	<u>\$ 92,326</u>	<u>\$ 8,076,719</u>
LIABILITIES						
Accounts payable and accrued expense	\$ 33,618	\$ -	\$ -	\$ -	\$ -	\$ 349,302
Deposits and claims payable	-	5,300	-	-	-	5,300
Due to other funds	-	-	-	-	-	548,471
Unearned revenues	-	6,662	-	-	-	29,559
Total liabilities	<u>33,618</u>	<u>11,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>932,632</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	-	-	-	-	-	2,638,172
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,638,172</u>
FUND BALANCE						
Restricted						
Debt service	-	-	-	-	92,326	92,326
Storm drainage and flood control	-	-	-	385,212	-	385,212
Streets and bridges	-	-	-	125,386	-	125,386
Public building and facilities	-	-	-	103,343	-	103,343
Park improvements	-	-	-	283,645	-	283,645
Street maintenance	-	-	-	-	-	1,873,565
LTF Article 8	-	-	-	-	-	1,184,942
Law enforcement and fire	270,453	-	-	79,365	-	349,818
EDA Community buildings	-	47,742	-	-	-	47,742
EDA revolving loans	-	-	59,936	-	-	59,936
Unassigned	-	-	-	-	-	-
Total fund balance	<u>270,453</u>	<u>47,742</u>	<u>59,936</u>	<u>976,951</u>	<u>92,326</u>	<u>4,505,915</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 304,071</u>	<u>\$ 59,704</u>	<u>\$ 59,936</u>	<u>\$ 976,951</u>	<u>\$ 92,326</u>	<u>\$ 8,076,719</u>

See accompanying notes.

CITY OF COALINGA

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2023

	Special Revenue Funds				
	Grants	Gas Tax	SB1 RMRA	Measure C	Local Transportation
Revenue					
Licenses, permits and impact fees	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,897,322	452,850	403,210	641,602	-
Rental	-	-	-	-	-
Interest	13	378	182	15,340	4,683
Total revenue	<u>1,897,335</u>	<u>453,228</u>	<u>403,392</u>	<u>656,942</u>	<u>4,683</u>
Expenditures					
Public works	1,189,943	349,084	2,753	12,122	290,387
Community development	1,060	-	-	-	-
Public safety	-	-	-	-	-
Capital outlay	557,958	-	78,042	815,360	-
Debt service					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>1,748,961</u>	<u>349,084</u>	<u>80,795</u>	<u>827,482</u>	<u>290,387</u>
Change in Fund Balance	148,374	104,144	322,597	(170,540)	(285,704)
Fund Balance					
Beginning of year	<u>(77,790)</u>	<u>46,677</u>	<u>(177,098)</u>	<u>1,677,201</u>	<u>1,470,646</u>
End of year	<u>\$ 70,584</u>	<u>\$ 150,821</u>	<u>\$ 145,499</u>	<u>\$ 1,506,661</u>	<u>\$ 1,184,942</u>

CITY OF COALINGA

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED) YEAR ENDED JUNE 30, 2023

	Special Revenue Funds			Capital Projects Fund	Debt Service Fund	Total Non-major Governmental Funds
	COPS Grants	EDA Building Rentals	EDA Revolving Loans	Development Impact Fees	Assessments Debt Service	
Revenue						
Licenses, permits and impact fees	\$ -	\$ -	\$ -	\$ 13,310	\$ -	\$ 13,310
Intergovernmental	145,271	-	-	-	-	3,540,255
Rental	423	172	208	3,389	320	4,512
Interest	-	-	-	-	-	20,596
Other	-	-	-	-	-	-
Total revenue	<u>145,694</u>	<u>172</u>	<u>208</u>	<u>16,699</u>	<u>320</u>	<u>3,578,673</u>
Expenditures						
Public works	-	-	-	3,642	-	1,847,931
Community development	-	-	-	-	10	1,070
Public safety	124,999	-	-	-	-	124,999
Capital outlay	22,359	-	-	-	-	1,473,719
Debt service						
Principal	37,130	-	-	-	-	37,130
Interest and fiscal charges	5,070	-	-	-	-	5,070
Total expenditures	<u>189,558</u>	<u>-</u>	<u>-</u>	<u>3,642</u>	<u>10</u>	<u>3,489,919</u>
Change in Fund Balance	(43,864)	172	208	13,057	310	88,754
Fund Balance						
Beginning of year	314,317	47,570	59,728	963,894	92,016	4,417,160
End of year	<u>\$ 270,453</u>	<u>\$ 47,742</u>	<u>\$ 59,936</u>	<u>\$ 976,951</u>	<u>\$ 92,326</u>	<u>\$ 4,505,915</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City Coalinga (the “City”), California, 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, and have issued our report thereon dated March 22, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

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

March 22, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City Coalinga (the "City"), California's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

March 22, 2024

CITY OF COALINGA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Transportation			
Passed through from the California Department of Transportation			
Highway Planning and Construction	20.205	HSIPL-5146 (014)	\$ 28,764
Highway Planning and Construction	20.205	CML-5146 (022)	290,647
Highway Planning and Construction	20.205	CML-5146 (029)	35,913
Highway Planning and Construction	20.205	ATPCML-5146 (031)	3,579
Highway Planning and Construction	20.205	ATPL-5146 (020)	1,186
Highway Planning and Construction	20.205	STPL-5146 (024)	4,777
Highway Planning and Construction	20.205	STPL-5146 (026)	96,482
Highway Planning and Construction	20.205	STPL-5146 (028)	698,856
Highway Planning and Construction	20.205	STPL-5146 (030)	42,199
			<u>1,202,403</u>
U.S. Department of Housing and Urban Development			
Passed through the State of California Department of Housing and Community Development			
Community Development Block Grant	14.228	20-CDBG-CV1-0037	\$ 1,267
Community Development Block Grant	14.228	20-CDBG-CBC-3-00008	5,138
Home Investment Partnerships Program	14.239	19-HOME-14965	4,646
			<u>11,051</u>
U.S. Department of Treasury			
Passed through the State of California Department of Finance			
Clean Water State Revolving Fund	66.458	C-06-8572-110	\$ 267,804
			<u>267,804</u>
<i>Total Federal Expenditures</i>			<u><u>\$ 1,481,258</u></u>

CITY OF COALINGA

NOTES SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2023

Note 1 – Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the City of Coalinga, California (the City). Federal awards received directly from federal agencies as well as federal awards passed through other nonfederal agencies, primarily the State of California, are included in the SEFA. The City's reporting entity is defined in Note 1 to the City's basic financial statements.

Note 2 – Basis of Accounting

The accompanying SEFA is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in Note 1 to the City's basic financial statements. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in, or used in the preparation of, the SEFA may differ from amounts presented in the basic financial statements.

Note 3 – Catalog of Federal Domestic Assistance (CFDA) Numbers

The CFDA numbers included in the accompanying SEFA were determined based on program name, review of grant contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

Note 4 – Relationship to the Financial Statements

Expenditures of federal awards are reported in the City's basic financial statements as expenditures/expenses in the General Fund, nonmajor special revenue funds, nonmajor capital project funds, and the enterprise funds.

Note 5 – Indirect Cost Rate

The City did not elect to use the 10% de minimus cost rate as covered in 2 CFR §200.414.

CITY OF COALINGA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

A. Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported
- Non-compliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of Major Programs

Assistance Listing Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

CITY OF COALINGA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

None.