

City of Farmersville | California

Financial Statements

For the Year Ended June 30, 2024



PRICE PAIGE & COMPANY
Certified Public Accountants

TABLE OF CONTENTS

	PAGE
Independent Auditor’s Report	1
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	9
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	10
Statement of Revenues, Expenditures, and Changes in Fund Balances	11
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities.....	12
Proprietary Funds:	
Statement of Net Position.....	13
Statement of Revenues, Expenses and Changes in Net Position	14
Statement of Cash Flows.....	15
Fiduciary Funds:	
Statement of Fiduciary Net Position	16
Statement of Changes in Fiduciary Net Position.....	17
Notes to the Basic Financial Statements	19

TABLE OF CONTENTS (Continued)

PAGE

Required Supplementary Information:

Budgetary Comparison Schedules:

General Fund.....	50
Federal and State Grants Special Revenue Fund	51
Street Tax Special Revenue Fund	52
Notes to the Budgetary Comparison Schedules.....	53

Pension Plans:

Cost-Sharing Multiple-Employer Plan:

Schedule of Proportionate Share of Net Pension Liability (Asset) and Related Ratios as of the Measurement Date	54
Schedule of Contributions.....	55

Combining and Individual Fund Financial Statements and Schedules:

Nonmajor Governmental Funds:

Combining Balance Sheet.....	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	59

Special Revenue Funds:

Combining Balance Sheet	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	61

Capital Projects Fund:

Combining Balance Sheet	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance.....	63

Sewer Fund:

Combining Statement of Net Position.....	64
Combining Statement of Revenues, Expenses and Changes in Net Position	65



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Farmersville, 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 Farmersville, California (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the 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 budgetary comparison information, schedule of proportionate share of net pension liability, and schedule of contributions, as noted in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
April 25, 2025

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF FARMERSVILLE | JUNE 30, 2024

Statement of Net Position

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 15,878,384	\$ 4,430,612	\$ 20,308,996
Receivables, net of allowance for uncollectibles:			
Consumer	196,589	459,070	655,659
Intergovernmental	3,141,299	-	3,141,299
Leases	466,982	-	466,982
Due from the Successor Agency	14,289	-	14,289
Prepaid expenses	29,417	-	29,417
Restricted assets:			
Cash and investments	-	2,386,375	2,386,375
Capital assets, net of accumulated depreciation	<u>49,749,125</u>	<u>28,720,510</u>	<u>78,469,635</u>
Total assets	<u>69,476,085</u>	<u>35,996,567</u>	<u>105,472,652</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	<u>852,789</u>	<u>311,447</u>	<u>1,164,236</u>
Total deferred outflows of resources	<u>852,789</u>	<u>311,447</u>	<u>1,164,236</u>
LIABILITIES			
Accounts payable	841,195	131,932	973,127
Salaries and benefits payable	88,712	28,265	116,977
Interest payable	-	198,449	198,449
Retainage payable	193,925	-	193,925
Deposits	26,594	30,284	56,878
Unearned revenue	30,716	-	30,716
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	101,738	30,898	132,636
Loans and finance purchase	123,490	372,997	496,487
Leases	7,173	-	7,173
Portion due or payable after one year:			
Compensated absences	406,958	131,300	538,258
Loans and finance purchase	125,910	14,767,366	14,893,276
Leases	7,392	-	7,392
Net pension liability	<u>1,261,313</u>	<u>411,056</u>	<u>1,672,369</u>
Total liabilities	<u>3,215,116</u>	<u>16,102,547</u>	<u>19,317,663</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from lease proceeds	429,863	-	429,863
Deferred inflows from pensions	<u>14,719</u>	<u>60,069</u>	<u>74,788</u>
Total deferred inflows of resources	<u>444,582</u>	<u>60,069</u>	<u>504,651</u>
NET POSITION			
Net investment in capital assets	49,485,160	13,580,147	63,065,307
Restricted for:			
Debt service	-	829,414	829,414
Public safety	134,514	-	134,514
Capital projects	-	1,556,961	1,556,961
Community development	752,992	-	752,992
Capital maintenance	5,981,246	-	5,981,246
Unrestricted	<u>10,315,264</u>	<u>4,178,876</u>	<u>14,494,140</u>
Total net position	<u>\$ 66,669,176</u>	<u>\$ 20,145,398</u>	<u>\$ 86,814,574</u>

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

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024

Statement of Activities

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
City council	\$ 32,055	\$ -	\$ -	\$ -	\$ (32,055)	\$ -	\$ (32,055)
Administration	1,138,319	172,826	-	-	(965,493)	-	(965,493)
City properties	56,286	-	-	-	(56,286)	-	(56,286)
Public safety:							
Law enforcement	3,245,149	254,119	198,612	134,695	(2,657,723)	-	(2,657,723)
Fire services	1,640,391	5,280	48,075	117,287	(1,469,749)	-	(1,469,749)
Animal control	142,783	1,183	-	-	(141,600)	-	(141,600)
Building, grounds and parks	202,058	15,987	-	-	(186,071)	-	(186,071)
Street construction and maintenance	1,215,247	69,223	554,026	336,589	(255,409)	-	(255,409)
Community development	6,530,706	89,235	7,770,123	475,101	1,803,753	-	1,803,753
Interest and fiscal charges	551	-	-	-	(551)	-	(551)
Total governmental activities	14,203,545	607,853	8,570,836	1,063,672	(3,961,184)	-	(3,961,184)
Business-Type Activities:							
Water	1,556,020	1,189,289	-	70,046	-	(296,685)	(296,685)
Sewer	3,116,848	2,049,164	-	111,441	-	(956,243)	(956,243)
Refuse	1,246,181	990,543	-	-	-	(255,638)	(255,638)
Total business-type activities	5,919,049	4,228,996	-	181,487	-	(1,508,566)	(1,508,566)
Total	\$ 20,122,594	\$ 4,836,849	\$ 8,570,836	\$ 1,245,159	(3,961,184)	(1,508,566)	(5,469,750)
General revenues:							
Taxes:							
Property taxes					1,774,103	-	1,774,103
Sales taxes					2,549,133	-	2,549,133
Cannabis taxes					802,779	-	802,779
Franchise taxes					213,950	-	213,950
Other taxes					8,584	-	8,584
Rental income					219,185	-	219,185
Earnings on investments					906,830	239,623	1,146,453
Miscellaneous					75,898	63,278	139,176
Total general revenues					6,550,462	302,901	6,853,363
Changes in net position					2,589,278	(1,205,665)	1,383,613
Net position - beginning, as previously reported					64,067,522	21,351,063	85,418,585
Error correction (see note 15)					12,376	-	12,376
Net position - beginning, restated					64,079,898	21,351,063	85,430,961
Net position - ending					\$ 66,669,176	\$ 20,145,398	\$ 86,814,574

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

FUND FINANCIAL STATEMENTS

CITY OF FARMERSVILLE | JUNE 30, 2024

Governmental Funds

Balance Sheet

	General	Capital Project Fund	Special Revenue Funds		Nonmajor Governmental Funds	Total Governmental Funds
		(Formerly Major Fund) Park Development Fund	Federal and State Grants	Street Tax		
ASSETS						
Cash and investments	\$ 9,082,510	\$ -	\$ -	\$ 5,232,134	\$ 1,563,740	\$ 15,878,384
Receivables:						
Accounts	196,589	-	-	-	-	196,589
Intergovernmental	571,136	-	1,978,039	136,119	456,005	3,141,299
Leases	466,982	-	-	-	-	466,982
Due from other funds	2,152,685	-	-	-	-	2,152,685
Due from the Successor Agency	14,289	-	-	-	-	14,289
Prepaid expenses	29,417	-	-	-	-	29,417
Total assets	\$ 12,513,608	\$ -	\$ 1,978,039	\$ 5,368,253	\$ 2,019,745	\$ 21,879,645
LIABILITIES						
Accounts payable	\$ 430,752	\$ -	\$ 327,723	\$ 68,098	\$ 14,622	\$ 841,195
Salaries and benefits payable	80,778	-	-	2,878	5,056	88,712
Retainage	29,099	-	77,650	-	87,176	193,925
Deposits	19,088	-	-	-	7,506	26,594
Due to other funds	-	-	1,811,269	-	341,416	2,152,685
Unearned revenue	30,716	-	-	-	-	30,716
Total liabilities	590,433	-	2,216,642	70,976	455,776	3,333,827
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows from lease proceeds	429,863	-	-	-	-	429,863
Total deferred inflows of resources	429,863	-	-	-	-	429,863
FUND BALANCES						
Nonspendable:						
Prepaid expenses	29,417	-	-	-	-	29,417
Restricted for:						
Public safety	-	-	-	-	134,514	134,514
Community development	-	-	-	-	752,992	752,992
Capital maintenance	-	-	-	5,297,277	683,969	5,981,246
Assigned to:						
Subsequent fiscal year budget deficit	6,764,144	-	-	-	-	6,764,144
General government	801,000	-	-	-	-	801,000
Unassigned	3,898,751	-	(238,603)	-	(7,506)	3,652,642
Total fund balances	11,493,312	-	(238,603)	5,297,277	1,563,969	18,115,955
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,513,608	\$ -	\$ 1,978,039	\$ 5,368,253	\$ 2,019,745	\$ 21,879,645

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

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024

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

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

Total fund balances - governmental funds		\$ 18,115,955
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$61,149,063 and the accumulated depreciation is \$11,399,938.		49,749,125
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Deferred outflows and inflows of resources are reported in the Statement of Net Position, but are not recognized in the governmental funds:		
Deferred inflows of resources related to leases		852,789
Deferred outflow of resources related to pensions		(14,719)
Deferred inflows of resources related to pensions		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Loans and finance purchase	(249,400)	
Leases	(14,565)	
Compensated absences	(508,696)	
Net pension liability	<u>(1,261,313)</u>	
Total long-term liabilities		<u>(2,033,974)</u>
Net position of governmental activities		<u>\$ 66,669,176</u>

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

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances

	General	Capital Project Fund	Special Revenue Funds		Nonmajor Governmental Funds	Total Governmental Funds
		(Formerly Major Fund) Park Development Fund	Federal and State Grants	Street Tax		
REVENUES						
Property taxes	\$ 1,782,689	\$ -	\$ -	\$ -	\$ -	\$ 1,782,689
Sales taxes	2,549,133	-	-	-	-	2,549,133
Cannabis taxes	802,779	-	-	-	-	802,779
Other taxes	213,950	-	-	-	-	213,950
Licenses and permits	180,808	-	-	-	-	180,808
Developer fees	-	-	-	-	243,058	243,058
Charges for services	303,563	-	-	-	69,223	372,786
Intergovernmental	147,722	-	7,679,514	839,860	845,971	9,513,067
Fines and penalties	17,384	-	-	-	13,920	31,304
Gain (loss) on investments	691,101	-	-	172,154	43,575	906,830
Loan repayments	-	-	-	-	9,178	9,178
Rental income	219,185	-	-	-	-	219,185
Miscellaneous revenues	73,688	-	-	-	-	73,688
Total revenues	6,982,002	-	7,679,514	1,012,014	1,224,925	16,898,455
EXPENDITURES						
Current:						
City council	32,055	-	-	-	-	32,055
Administration	1,083,385	-	-	-	-	1,083,385
City properties	35,817	-	-	-	-	35,817
Public safety:						
Law enforcement	2,655,932	-	-	-	219,971	2,875,903
Fire services	1,518,799	-	-	-	-	1,518,799
Animal control	142,783	-	-	-	-	142,783
Buildings, grounds and parks	549,068	-	-	-	-	549,068
Street construction and maintenance	-	-	-	374,863	47,604	422,467
Community development	756,863	-	5,462,289	-	2,605	6,221,757
Capital outlay	2,125,021	-	2,327,516	2,236,377	1,153,155	7,842,069
Debt service:						
Principal	6,961	-	-	-	-	6,961
Interest	551	-	-	-	-	551
Total expenditures	8,907,235	-	7,789,805	2,611,240	1,423,335	20,731,615
Excess (deficiency) of revenues over (under) expenditures	(1,925,233)	-	(110,291)	(1,599,226)	(198,410)	(3,833,160)
OTHER FINANCING SOURCES (USES)						
Leases (as lessee)	208,201	-	-	-	-	208,201
Insurance recoveries	144,078	-	-	-	-	144,078
Transfers in	-	-	-	-	625,000	625,000
Transfers out	(625,000)	-	-	-	-	(625,000)
Total other financing sources (uses)	(272,721)	-	-	-	625,000	352,279
Net change in fund balances	(2,197,954)	-	(110,291)	(1,599,226)	426,590	(3,480,881)
Fund balances - beginning, as previously presented	13,773,236	(170,630)	(391,248)	7,256,205	1,216,700	21,684,263
Change within financial reporting entity (major to nonmajor)	-	170,630	-	-	(170,630)	-
Error correction (see note 15).	(81,970)	-	262,936	(359,702)	91,309	(87,427)
Fund balances (deficit) - beginning, restated	13,691,266	-	(128,312)	6,896,503	1,137,379	21,596,836
Fund balances - ending	\$ 11,493,312	\$ -	\$ (238,603)	\$ 5,297,277	\$ 1,563,969	\$ 18,115,955

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

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities

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

Net change in fund balances - total governmental funds \$ (3,480,881)

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. In the current period, the amounts below represent the capital outlay portion that was capitalized for the government-wide financial statements:

Capital expenditures	7,656,871
Depreciation and amortization expense	(1,454,663)

The net effect of various transactions involving capital assets (i.e. sales, retirements, transfers, trade-ins, donations).

Disposal of assets	281,925
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of debt principal are reported as expenditures in the governmental funds. The repayment of debt principal reduces long-term liabilities in the Statement of Net Position:

Proceeds from finance purchase	(192,225)
Payment of leases payable	6,960
Payment of finance purchase payable	55,767

Changes to compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(14,147)

Changes to net pension liability and pension related deferred inflows and outflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(270,329)

Change in net position of governmental activities \$ 2,589,278

CITY OF FARMERSVILLE | JUNE 30, 2024

Proprietary Funds
Statement of Net Position

	Business-Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Refuse Fund	Total
ASSETS				
Current assets:				
Cash and investments	\$ 1,047,044	\$ 3,161,472	\$ 222,096	\$ 4,430,612
Accounts receivable, net of allowance	150,874	224,577	83,619	459,070
Total current assets	<u>1,197,918</u>	<u>3,386,049</u>	<u>305,715</u>	<u>4,889,682</u>
Noncurrent assets:				
Restricted assets:				
Cash and investments	459,444	1,926,931	-	2,386,375
Capital assets, net of accumulated depreciation	2,015,270	26,705,240	-	28,720,510
Total noncurrent assets	<u>2,474,714</u>	<u>28,632,171</u>	<u>-</u>	<u>31,106,885</u>
Total assets	<u>3,672,632</u>	<u>32,018,220</u>	<u>305,715</u>	<u>35,996,567</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pensions	<u>145,049</u>	<u>137,622</u>	<u>28,776</u>	<u>311,447</u>
Total deferred outflows of resources	<u>145,049</u>	<u>137,622</u>	<u>28,776</u>	<u>311,447</u>
LIABILITIES				
Current liabilities:				
Accounts payable	42,212	43,671	46,049	131,932
Salaries and benefits payable	13,395	12,659	2,211	28,265
Interest payable	-	198,449	-	198,449
Deposits	30,284	-	-	30,284
Compensated absences	14,248	12,906	3,744	30,898
Loans payable	-	372,997	-	372,997
Total current liabilities	<u>100,139</u>	<u>640,682</u>	<u>52,004</u>	<u>792,825</u>
Noncurrent liabilities:				
Compensated absences	60,485	54,951	15,864	131,300
Loans payable	-	14,767,366	-	14,767,366
Net pension liability	191,569	181,795	37,692	411,056
Total noncurrent liabilities	<u>252,054</u>	<u>15,004,112</u>	<u>53,556</u>	<u>15,309,722</u>
Total liabilities	<u>352,193</u>	<u>15,644,794</u>	<u>105,560</u>	<u>16,102,547</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pensions	<u>27,909</u>	<u>26,476</u>	<u>5,684</u>	<u>60,069</u>
Total deferred inflows of resources	<u>27,909</u>	<u>26,476</u>	<u>5,684</u>	<u>60,069</u>
NET POSITION				
Net investment in capital assets	2,015,270	11,564,877	-	13,580,147
Restricted for:				
Debt service	-	829,414	-	829,414
Capital projects	459,444	1,097,517	-	1,556,961
Unrestricted	<u>962,865</u>	<u>2,992,764</u>	<u>223,247</u>	<u>4,178,876</u>
Total net position	<u>\$ 3,437,579</u>	<u>\$ 16,484,572</u>	<u>\$ 223,247</u>	<u>\$ 20,145,398</u>

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

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Position

	Business-Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Refuse Fund	Total
Operating revenues:				
Charges for services	\$ 1,171,519	\$ 2,049,164	\$ 988,911	\$ 4,209,594
Operating expenses:				
Personnel costs	679,356	647,766	121,920	1,449,042
Utilities	228,082	257,234	-	485,316
Contractual services	130,982	952,211	762,689	1,845,882
Franchise payments	10,750	12,500	54,500	77,750
Operations and maintenance	360,223	266,555	305,449	932,227
Repairs and Maintenance	-	46,545	-	46,545
Provision for bad debts	2,401	3,222	1,623	7,246
Depreciation	144,226	601,385	-	745,611
Total operating expenses	1,556,020	2,787,418	1,246,181	5,589,619
Operating income (loss)	(384,501)	(738,254)	(257,270)	(1,380,025)
Nonoperating revenue (expenses):				
Connection fees	70,046	90,513	-	160,559
Developer fees	-	20,928	-	20,928
Grant revenue	-	19,044	-	19,044
Investment income	50,888	172,989	15,746	239,623
Interest income (expense)	-	(329,430)	-	(329,430)
Miscellaneous	63,219	-	417	63,636
Total nonoperating revenues (expenses)	184,153	(25,956)	16,163	174,360
Change in net position	(200,348)	(764,210)	(241,107)	(1,205,665)
Net position - beginning	3,637,927	17,248,782	464,354	21,351,063
Net position - ending	\$ 3,437,579	\$ 16,484,572	\$ 223,247	\$ 20,145,398

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

CITY OF FARMERSVILLE | JUNE 30, 2024

Proprietary Funds

Statement of Cash Flows

	Business-Type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Refuse Fund	Total
Cash Flows from Operating Activities				
Cash received from customers	\$ 1,167,406	\$ 2,029,817	\$ 981,225	\$ 4,178,448
Cash payments to employees	(649,500)	(620,698)	(113,955)	(1,384,153)
Cash payments to suppliers	(750,009)	(1,574,444)	(1,119,500)	(3,443,953)
Net cash provided by (used in) operating activities	(232,103)	(165,325)	(252,230)	(649,658)
Cash Flows from Capital and Related Financing Activities				
Cash received from connection fees	70,046	90,513	-	160,559
Cash received from developer fees	-	20,928	-	20,928
Cash received from capital grants	-	19,044	-	19,044
Other nonoperating cash receipts (payments)	63,219	-	-	63,219
Acquisition of capital assets	(98,556)	(1,648,359)	-	(1,746,915)
Principal paid on long-term debt	-	(364,590)	-	(364,590)
Interest paid on long-term debt	-	(333,950)	-	(333,950)
Net cash provided by (used in) capital and related financing activities	34,709	(2,216,414)	-	(2,181,705)
Cash Flows from Investing Activities				
Interest on investments	50,888	172,989	15,746	239,623
Net cash provided by (used in) investing activities	50,888	172,989	15,746	239,623
Net increase (decrease) in cash and investments	(146,506)	(2,208,750)	(236,484)	(2,591,740)
Cash and investments, beginning	1,652,994	7,297,153	458,580	9,408,727
Cash and investments, ending	\$ 1,506,488	\$ 5,088,403	\$ 222,096	\$ 6,816,987
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	\$ (384,501)	\$ (738,254)	\$ (257,270)	\$ (1,380,025)
<i>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:</i>				
Depreciation	144,226	601,385	-	745,611
Bad debt expense	2,401	3,222	1,623	7,246
<i>Change in Assets and Liabilities:</i>				
(Increase) decrease in consumer receivables	(10,674)	(19,347)	(7,686)	(37,707)
(Increase) decrease in pension related deferred outflows of resources	50,113	47,269	7,737	105,119
Increase (decrease) in accounts payable	(19,972)	(39,399)	3,138	(56,233)
Increase (decrease) in salaries and benefits payable	2,080	1,919	237	4,236
Increase (decrease) in deposits payable	6,561	-	-	6,561
Increase (decrease) in compensated absences	(8,562)	(9,433)	(406)	(18,401)
Increase (decrease) in net pension liability	(27,534)	(25,696)	(2,060)	(55,290)
Increase (decrease) in pension related deferred inflows of resources	13,759	13,009	2,457	29,225
Net cash provided by (used in) operating activities	\$ (232,103)	\$ (165,325)	\$ (252,230)	\$ (649,658)

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

CITY OF FARMERSVILLE | JUNE 30, 2024

Fiduciary Funds

Statement of Fiduciary Net Position

	<u>Private Purpose Trust Fund- Successor Agency</u>
ASSETS	
Cash and investments - restricted	\$ 219,000
Total assets	<u>219,000</u>
LIABILITIES	
Due to the General Fund	14,289
Interest payable	11,282
Loan payable - current	161,893
Loan payable - long term	<u>908,109</u>
Total liabilities	<u>1,095,573</u>
NET POSITION	
Restricted for:	
Redevelopment dissolution and other purposes	<u>(876,573)</u>
Total net position (deficit)	<u>\$ (876,573)</u>

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

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

	<u>Private Purpose Trust Fund- Successor Agency</u>
ADDITIONS	
Property taxes	\$ 201,126
Total additions	<u>201,126</u>
DEDUCTIONS	
Debt payment - interest	<u>47,500</u>
Total deductions	<u>47,500</u>
Net increase (decrease) in fiduciary net position	153,626
Net position (deficit) - beginning	<u>(1,030,199)</u>
Net position (deficit) - ending	<u><u>\$ (876,573)</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES

The financial statements of the City of Farmersville (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the government's accounting principles are described below.

A. Reporting Entity

The City of Farmersville was incorporated in 1960 and is a general law city. The City operates under a Council-Manager form of government and provides the following services to the community: public safety (police, fire and animal control), water, sanitation (solid waste disposal and sanitary wastewater), parks and recreation, community development, public works, and general administrative services.

B. Basis of Presentation

Government-Wide Statements - The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange 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 the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements - The Fund Financial Statements provide information about the City's funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. An accompanying schedule is presented to reconcile and explain the differences in funds and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City reports the following major governmental funds:

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

Federal and State Grants Special Revenue Fund – This fund accounts for the annual federal grant that provides for development of a viable urban community by providing suitable housing, principally for low- and moderate-income residents.

Private Purpose Trust Fund – Successor Agency – There are a total of seven various Street Funds for the City which includes the Surface Transportation Fund, the Gas Tax Fund, the Transportation Development Act Fund, the Measure R Fund, and the Road Maintenance and Rehabilitation Act (SB1) Fund as the main sources of income and are combined for reporting purposes. All the revenue received in these funds is for the repair and construction of roads within the City. All the revenue received in these funds is for the repair and construction of roads within the cities.

The City has three enterprise funds, the Water, Sewer and Refuse, which are used to account for operations that are financed and operated in a manner similar to a private business enterprise. In an Enterprise Fund, the intent of the City Council is that the costs (expenses, including depreciation) of providing services to the general public, on a continuing basis, be financed or recovered primarily through user charges.

The City reports the following major proprietary fund types:

Water Fund – Accounts for financial activity of the water utility.

Sewer Fund – Accounts for financial activity of the sewage collection and wastewater treatment utility.

Refuse Fund – Accounts for financial activity of the refuse collection and disposal utility.

The City reports the following fiduciary fund types:

Private Purpose Trust Fund - Successor Agency - 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.

C. Measurement Focus, Basis of Accounting

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

NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting (Continued)

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, cannabis taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Assets, Liabilities, Deferred Outflows/Inflow of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

Under the City's cash management program, cash in excess of operating requirements from all funds is pooled with the purpose of maximizing interest through investment activities. Interest income on pooled investments is allocated on the end-of-month balance in each fund included in the pools.

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

Property Tax Calendar

Property tax revenue is recognized when measurable and available. The assessment, levy and collection of property taxes are the responsibility of the County of Tulare. The City records property taxes as revenue when received from the County, except at year-end, when property taxes received within 60 days after the end of the fiscal year are "available" and, therefore, recognized as revenue.

Secured and unsecured property taxes are levied based on the assessed value as of January 1, lien date, of the preceding fiscal year. Secured property tax is levied on July 1 and due in two installments, on November 1 and February 1. Collection dates are December 10 and April 10, which are also the delinquent dates. Unsecured property tax is levied on July 1 and due on July 31, and has a collection date of August 31, which is also the delinquent date.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "interfund advances receivable/payable" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Proprietary Fund receivables are shown net of an allowance for uncollectible accounts. Allowances of uncollectibles were \$22,091 for Water utility charges, \$10,428 for Sewer utility charges, and \$5,006 for Refuse utility charges as of June 30, 2024. Utility customers are billed monthly.

NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES (Continued)

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., street system, landscaped area, etc.), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City’s assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated capital assets are valued at estimated fair market value on the date received. Gains or losses on assets at retirement or disposal are recorded in the same fiscal year the asset is retired. Renewals and betterments are capitalized when purchased. Maintenance and repairs are charged to expense when the services are rendered. Depreciation is recorded on a straight-line basis over the useful lives of the asset as follows:

Buildings and Improvements	25-35 years
Equipment and Vehicles.....	7-20 years
Utility System	30-75 years
Infrastructure	40 years

Subscription-Based Information Technology Arrangements (SBITAs)

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

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

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

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

The subscription term includes the noncancellable period of the subscription and subscription payments that the City is reasonably certain to make.

The measurement of subscription liability excludes any variable payments such as payments based on the number of user seats unless they depend on an index or a rate or are fixed in substance.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. Subscription assets are reported with other intangible assets, and subscription liabilities are reported as liabilities on the statement of net position.

NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES (Continued)

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

Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

This disclosure provides information on the accounting policies related to Subscription-Based Information Technology Arrangements (SBITAs) in accordance with GASB Statement No. 96 and should be read in conjunction with the accompanying financial statements.

Investment Valuation

The City has adopted GASB statement No. 72, *Fair Value Measurement and Application*; investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that GASB Statement require or permit in the statement of net position at the end of each reporting period.

Compensated Absences

City employees accumulate vacation pay in varying amounts as services are provided. All outstanding vacation pay is payable upon termination of employment. In the governmental funds, the amount of vacation pay recognized during the year is the amount liquidated with expendable available financial resources. In the Proprietary Funds, the amount of vacation pay recognized is the amount earned during the year.

City employees accrue sick leave in varying amounts as services are provided. Sick leave benefits do not vest with employees. However, employees who have worked for the City for more than five years are entitled to 20-30% of their accumulated sick leave at the time of termination. Unused sick leave is added to the creditable service period for calculation of retirement benefits when an employee retires. Accumulated vacation and compensated time are accrued, as appropriate, for all funds.

Pensions

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

Unearned Revenue

Unearned revenue is that for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City typically records intergovernmental revenues (primary grants and subventions) received but not earned (qualifying expenditures not yet incurred).

Unavailable Revenue

In the 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.

NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES (Continued)

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

Leases

Lessee: The City is a lessee for a noncancellable lease of equipment. The City 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.
- 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 and purchase option price that the City is reasonably certain to exercise.

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.

Lessor: The City is a lessor for noncancellable leases of two buildings. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental 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 its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is 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.

NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES (Continued)

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

Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is classified in the following categories:

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 this category.

Restricted net position – This category represents external restrictions 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 amounts that do not meet the criteria for “restricted” or “net investment in capital assets”.

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

Fund Balances

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

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

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

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

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

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

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

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024

Notes to the Basic Financial Statements

NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES (Continued)

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

Minimum Fund Balance Policy

The City’s budget and Fiscal Policy requires the City to strive to maintain a General Fund operating cash balance equal to approximately 25% of the three-year moving average of the General Fund’s actual revenue received.

During the year ended June 30, 2024, the City created the Sewer Rate Stabilization Fund for the purpose of ensuring compliance with the City’s debt covenant requirements in the Sewer Enterprise Fund. The source of the debt in the Sewer Utility Fund is from loan agreements with the United States Department of Agriculture (USDA) and the California State Water Resources Control Board (SWRCB) with funding through the State Revolving Fund (SRF) related to the construction of the City’s Wastewater Treatment Plant. These loans require a revenue coverage ratio of 1.1 times and 1.0 times revenue of calculated operating expenses annually, respectively.

Effective June 30, 2024, the City Council authorized the transfer of Sewer Fund revenues into the Sewer Rate Stabilization Fund for this purpose. As authorized by the Council, the City will be able to adjust the amounts maintained in the Sewer Rate Stabilization Fund as needed each year. A separate schedule attached to these financial statements demonstrates the amounts held and related to the current year activity of the Sewer Rate Stabilization Fund.

Encumbrances

The City does not use encumbrance accounting.

Use of Estimates

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

NOTE 2 – DEPOSITS AND INVESTMENTS

The City maintains a cash investment pool that is available for all funds. Each fund type balance in the pool is reflected on the combined balance sheet as cash and investments. The City follows the practice of pooling cash and investments of all funds. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on the average daily cash and investment balances.

A. Summary of Deposits and Investments

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

	Government-Wide Statement of Net Position		Fiduciary	Total
	Governmental Activities	Business-Type Activities	Funds	
Cash and investments	\$ 15,878,384	\$ 4,430,612	\$ -	\$ 20,308,996
Restricted cash and investments	-	2,386,375	219,000	2,605,375
Total cash and investments	\$ 15,878,384	\$ 6,816,987	\$ 219,000	\$ 22,914,371

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

A. Summary of Deposits and Investments (Continued)

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

Cash on hand	\$	5,000
Deposits with financial institutions		1,566,383
Investments		<u>21,342,988</u>
Total cash and investments	\$	<u>22,914,371</u>

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

The investment policy of the City is consistent with guidelines set forth under State of California Government Code Section 53601 and serves to maximize investment income consistent with safe and prudent investment practices. All surplus funds are managed by the City Manager in compliance with the Statement of Investment Policy adopted by the City Council, which delegates to the City Manager the authority to invest City funds and to deposit securities. All investments are carried at fair value in accordance with GASB Statement No. 72.

Under provision of the City's investment policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

- Securities of the U.S. Government, or its agencies
- Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan companies
- Negotiable Certificates of Deposit
- California Asset Management Program (CAMP)
- Bankers' Acceptances
- Commercial Paper
- Local Agency Investment Fund Deposits (State Pool)
- Passbook Savings Account Demand Deposits
- Repurchase Agreements
- Reverse Repurchase Agreements
- Small Business Administration Loans

All City investment activities were within State statutes and the City's investment policy.

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

C. 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. The City generally manages its interest rate risk by holding investments to maturity.

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

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Local Agency Investment Fund	\$ 72,935	\$ 72,935	\$ -	\$ -	\$ -
CSJVRMA Investment Pool	2,627,205	2,627,205	-	-	-
CalClass Investment Pool	5,872,606	5,872,606			
CAMP Investment Pool	5,406,085	5,406,085			
Money Market	10,657	10,657	-	-	-
Certificates of Deposits	3,369,313	1,935,094	476,134	958,085	-
Federal Agency Securities:					
U.S. Govt Bonds	1,667,515	-	938,470	729,045	-
U.S. Treasury Notes	2,316,672	-	848,503	1,468,169	-
Total	\$ 21,342,988	\$ 15,924,582	\$ 2,263,107	\$ 3,155,299	\$ -

D. 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	Total	Rating as of Year-End		
		AAA	AAAm	Not Rated
Local Agency Investment Fund	\$ 72,935	\$ -	-	\$ 72,935
CSJVRMA Investment Pool	2,627,205	-	-	2,627,205
CalClass Investment Pool	5,872,606	-	5,872,606	-
CAMP Investment Pool	5,406,085	-	5,406,085	-
Money Market	10,657	-	-	10,657
Certificates of Deposits	3,369,313	-	-	3,369,313
Federal Agency Securities:				
U.S. Govt Bonds	1,667,515	1,667,515	-	-
U.S. Treasury Notes	2,316,672	2,316,672	-	-
Total	\$ 21,342,988	\$ 3,984,187	\$ 11,278,691	\$ 6,080,110

E. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the concentration of the government’s investment in a single issuer. The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2024, the City did not have investment in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total City’s total investments.

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

F. Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City may and has waived collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

The carrying amounts of the City's cash deposits totaled \$1,556,384 at June 30, 2024. Bank balances were \$1,444,431, the total amount of which was insured and/or collateralized with securities held by the pledging financial institutions in the City's name.

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

As of June 30, 2024, there were no investments that were required to be identified by GASB Statement No. 40 in relation to custodial credit risk.

G. Local Agency Investment Fund

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight to the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The City's investments with LAIF at June 30, 2024 included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

Structured Notes – These are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities – These are the bulk of mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2024, the City had \$72,935 invested in the LAIF, which was reported at fair value.

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

H. Central San Joaquin Valley Risk Management Authority

The City maintains an investment in the Central San Joaquin Valley Risk Management Authority (CSJVRMA) Pool. The total amount invested by all participants in the pool is \$161,579,020. The value of the pool shares which may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the City’s portion in the pool. The fair value of the City’s share of the pool is determined monthly and is \$2,627,205 as of June 30, 2024. The pool is not registered with the Securities Exchange Commission; however, it is managed by a registered investment advisor. Participation in the pool is voluntary. The pool’s average maturity complies with the City’s investment policy.

I. Investment Valuation

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Government Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments’ fair value measurements are as follows at :

Investments by Fair Value Level	Fair Value	Fair Value Measurements		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Certificates of Deposit	\$ 3,369,313	\$ -	\$ 3,369,313	\$ -
Federal Agency Securities	3,984,187	-	3,984,187	-
Subtotal	<u>7,353,500</u>	<u>\$ -</u>	<u>\$ 7,353,500</u>	<u>\$ -</u>
Unclassified Investments				
Local Agency Investment Fund	72,935			
CSJVRMA Investment Pool	2,627,205			
CalClass Investment Pool	5,872,606			
CAMP Investment Pool	5,406,085			
Money Market	10,657			
Subtotal	<u>13,989,488</u>			
Total Investments	<u>\$ 21,342,988</u>			

Certificates of deposit are valued based on the rates currently offered for deposits of similar remaining maturities. Federal agency securities are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

J. Investment in California Asset Management Program (CAMP)

The City maintains an investment in the California Asset Management Program (CAMP). CAMP is a Joint Powers Authority established in 1989 to provide California public agencies with professional investment services and is a permitted investment under California Government Code 53501(p). The City's investment in CAMP Term offerings include fixed-term, fixed rate of returns based on a pool of open-market securities, such as mutual funds, index funds, money market funds and cash holdings. Participation in the pool is voluntary and is managed to maintain a dollar-weighted average portfolio maturity of 60 days or less and seeks to maintain a constant net asset value (NAV) per share of \$1.00. The value of the pool shares which may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the City's portion in the pool.

K. Investment in California Class Investment Pool (CalClass)

The City maintains an investment in the California CLASS investment pool (CalClass). California CLASS is a Joint Powers Authority and is managed to comply with the requirements of California Government Code Section 53601. CalClass invests in various money market securities, including U.S. Treasury securities, U.S. agencies, and other related securities. The investment seeks to maintain a stable \$1.00 net asset value per share. All participants are voluntary, and the net asset value of the fund is calculated daily using a mark-to-market methodology. The value of the pool shares which may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the City's portion in the pool.

NOTE 3 – LOAN RECEIVABLE / UNAVAILABLE REVENUE

A. Forgivable Loans

The grant funds expended for rehabilitation under the Community Development Block Grant Program are recorded as expenditures in the year the loans are made to participants, even though the amounts will be recovered as the loans are repaid. The City maintains detailed records of these loans and records loan principal and interest payments as program revenues in the year such payments are received. Loans recorded as receivable are "performing" loans with monthly/annual activity.

Deferred payment loans receivable under the Community Development Block Grant, HOME Investment Program, and CalHOME Programs are not required to be paid back until the participating homeowner sells, transfers title to the rehabilitated property, or discontinues residence in the dwelling at which time the full amount of the deferred loan is due. Additionally, loans to developers of apartments that cater to low and moderate income occupants are not required to be paid back in excess of residual revenue collected for up to 55 years, of which the City has determined in a previous fiscal year that based on the circumstances of the lenders, will not be paid back once repayment of the loan becomes due. Deferred payment loans are "non-performing loans" and are not recorded as receivable or unavailable revenue.

NOTE 3 – LOAN RECEIVABLE / UNAVAILABLE REVENUE (Continued)

A. Forgivable Loans (Continued)

Loans receivable consisted of the following as of June 30, 2024:

On October 1, 2004, Farmersville Redevelopment Agency loaned Farmersville Park Creek Associates the amount of \$100,000 for acquisition of real property and construction of forty-seven units of affordable housing for families and one unit for a resident manager. The agreement specified that the loan will be repaid in thirty years, with interest equal to 1% per annum. The City has determined that this loan will be uncollectible. \$ 102,000

On August 20, 2009, Farmersville Redevelopment Agency loaned Farmersville Gateway Associates the amount of \$200,000 for acquisition of real property and construction of forty-seven units of affordable housing for families and one unit of a resident manager. The agreement specified that the loan will be repaid in thirty years, with interest equal to 1% per annum. The City has determined that this loan will be uncollectible. 229,978

On February 1, 2010, the City entered into a promissory note with Farmersville Senior Associates to provide a loan of \$1,900,000, which Farmersville Senior Associates can drawdown as needed. The loan is due in fifty-five years at 5% interest and will be repaid from residual receipts generated by the project. The City has determined that this loan will be uncollectible. 1,900,000

The City administers a home buyer and housing rehabilitation loan program funded with Community Development Block Grant funds, Home Investment Partnership Program funds, CalHOME funds, and program income received from the collection of prior loans. Under these programs, individuals with incomes below certain levels are eligible to receive low interest loans for the purchase of a home or rehabilitation work on their homes. These nonperforming loans are secured by deeds of trust on the related properties. 9,949,839

On April 7, 2022, the City loaned \$253,087 and during the fiscal year ended June 30, 2024 the City funded an additional \$5,000,000 to Los Arroyos II L.P. for the purpose of constructing low income multifamily residential units. The funding can be used exclusively for development costs and related infrastructure improvements and is secured by a deed of trust and repayable under the terms in the promissory note. The note includes an annual interest rate of 3% and both principal and interest are due and payable upon the earlier of the maturity date, sale or transfer of the property, or when the property ceases to be used for the agreed purpose. The loan matures on April 7, 2079. 5,253,087

The City administered a housing rehabilitation loan program funded by the former Community Redevelopment Agency. Under this program, individuals with incomes below certain levels were eligible to receive low interest loans for rehabilitation work on their homes. These nonperforming loans are secured by deeds of trust on the rehabilitated properties. 290,315

Total non-performing loans receivable \$ 17,725,219

NOTE 4 – INTERFUND TRANSACTIONS

A. Interfund Loans Receivable and Payable

Interfund loans receivable and payable consisted of the following at June 30, 2024:

	Due	
	From	To
Major Funds:		
General Fund	\$ 2,166,974	\$ -
Federal and State Grants Special Revenue Fund	-	1,811,269
Nonmajor Funds:		
Park Development Special Revenue Fund	-	341,416
Successor Agency Trust Fiduciary Fund	-	14,289
	<u> </u>	<u> </u>
Total	<u>\$ 2,166,974</u>	<u>\$ 2,166,974</u>

The balances due to the General Fund from the above listed special revenue funds and the Successor Agency Trust Fiduciary Fund represents short-term borrowing resulting from a temporary need for additional cash. This amount is expected to be repaid shortly after the end of the fiscal year.

B. Transfers in/Transfers Out

The following schedules summarized the City’s transfer activity for the year ended June 30, 2024:

	Transfers	
	In	Out
Major Funds:		
General Fund	\$ -	\$ 625,000
Nonmajor Funds:		
Park Development Fund	<u>625,000</u>	<u>-</u>
	<u> </u>	<u> </u>
Total	<u>\$ 625,000</u>	<u>\$ 625,000</u>

Transfers were made from the General Fund to the Park Development Fund to finance expenditures related to the Freedom Field project that exceeded available grant funding.

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024

Notes to the Basic Financial Statements

NOTE 5 – CAPITAL ASSETS

A summary of capital assets activity for governmental activities for the year ended June 30, 2024 is as follows:

	Restated Balances June 30, 2023	Acquisitions	Dispositions	Balances June 30, 2024
Governmental Activities:				
<i>Nondepreciable assets:</i>				
Land	\$ 1,925,818	\$ -	\$ -	\$ 1,925,818
Construction in progress	175,846	649,210	(83,430)	741,626
Infrastructure in progress	<u>2,982,545</u>	<u>6,348,917</u>	<u>(456,951)</u>	<u>8,874,511</u>
Total nondepreciable assets	<u>5,084,209</u>	<u>6,998,127</u>	<u>(540,381)</u>	<u>11,541,955</u>
<i>Depreciable assets:</i>				
Buildings and improvements	7,245,959	150,190	-	7,396,149
Vehicles, machinery and equipment	4,001,429	874,949	(282,965)	4,593,413
Right-to-use leased equipment	36,538	199,665	-	236,203
Infrastructure	<u>36,924,392</u>	<u>456,951</u>	<u>-</u>	<u>37,381,343</u>
Total depreciable assets	<u>48,208,318</u>	<u>1,681,755</u>	<u>(282,965)</u>	<u>49,607,108</u>
Less accumulated depreciation for:				
Buildings and improvements	3,305,571	237,266	-	3,542,837
Vehicles, machinery and equipment	1,875,901	262,958	(75,301)	2,063,558
Right-to-use leased equipment	15,660	8,957	-	24,617
Infrastructure	<u>4,830,404</u>	<u>938,522</u>	<u>-</u>	<u>5,768,926</u>
Total accumulated depreciation	<u>10,027,536</u>	<u>1,447,703</u>	<u>(75,301)</u>	<u>11,399,938</u>
Depreciable assets, net	<u>38,180,782</u>	<u>234,052</u>	<u>(207,664)</u>	<u>38,207,170</u>
Government activities capital assets, net	<u>\$ 43,264,991</u>	<u>\$ 7,232,179</u>	<u>\$ (748,045)</u>	<u>\$ 49,749,125</u>

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024

Notes to the Basic Financial Statements

NOTE 5 – CAPITAL ASSETS (Continued)

A summary of capital assets activity for business-type activities for the year ended June 30, 2024 is as follows:

	Balances June 30, 2023	Acquisitions	Dispositions	Balances June 30, 2024
Business-Type Activities:				
<i>Nondepreciable assets:</i>				
Land	\$ 960,435	\$ -	\$ -	\$ 960,435
Construction in progress	<u>12,279</u>	<u>-</u>	<u>-</u>	<u>12,279</u>
Total nondepreciable assets	<u>972,714</u>	<u>-</u>	<u>-</u>	<u>972,714</u>
<i>Depreciable assets:</i>				
Buildings and improvements	197,461	-	-	197,461
Vehicles, machinery and equipment	1,501,600	558,251	-	2,059,851
Utility transmission structures	<u>30,406,366</u>	<u>1,188,665</u>	<u>-</u>	<u>31,595,031</u>
Total depreciable assets	<u>32,105,427</u>	<u>1,746,916</u>	<u>-</u>	<u>33,852,343</u>
Less accumulated depreciation for:				
Buildings and improvements	104,487	6,099	-	110,586
Vehicles, machinery and equipment	804,897	106,719	-	911,616
Infrastructure	<u>4,449,552</u>	<u>632,793</u>	<u>-</u>	<u>5,082,345</u>
Total accumulated depreciation	<u>5,358,936</u>	<u>745,611</u>	<u>-</u>	<u>6,104,547</u>
Depreciable assets, net	<u>26,746,491</u>	<u>1,001,305</u>	<u>-</u>	<u>27,747,796</u>
Business-type activities capital assets, net	<u>\$ 27,719,205</u>	<u>\$ 1,001,305</u>	<u>\$ -</u>	<u>\$ 28,720,510</u>

Depreciation/amortization expense was charged to the following functions on the statement of activities:

Governmental Activities:	
Administration	\$ 66,084
Public safety - law enforcement	123,745
Public safety - fire services	109,071
Street construction and maintenance	785,190
Building, grounds and parks	162,506
Community development	201,107
Business-Type Activities:	
Water	144,226
Sewer	<u>601,385</u>
Total	<u>\$ 2,193,314</u>

NOTE 6 – 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 pension related items that qualify to be reported as deferred outflows of resources. The pension related deferred outflows of resources are described in detail in Note 10.

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 pension related items that qualify to be reported as deferred outflows of resources. The lease and pension related deferred outflows of resources are described in detail in Note 8 and 10, respectively.

NOTE 7 – COMPENSATED ABSENCES

As described in Note 1, under certain circumstances and according to the negotiated labor agreements, City employees are allowed to accumulate annual leave. The annual leave amount is accrued and accounted as compensated absences in the government-wide and proprietary fund statements.

As shown in the table below, the long-term portion of this debt amounts to \$406,958 for governmental activities and \$131,300 for business-type activities. These amounts are expected to be paid in future years from future resources. In prior years, compensated absences have been liquidated primarily by the General Fund and the proprietary funds. The total amount outstanding at June 30, 2024 was \$508,696 for governmental activities and \$162,198 for business-type activities.

	<u>Balances</u> <u>June 30, 2023</u>	<u>Net Change</u>	<u>Balances</u> <u>June 30, 2024</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities	\$ 494,549	\$ 14,147	\$ 508,696	\$ 101,738
Business-Type Activities	\$ 180,599	\$ (18,401)	\$ 162,198	\$ 30,898

NOTE 8 – LEASES

A. Lease Receivable

In 2022, the City began leasing one of its office buildings to a third party. The lease is for five years and the City will receive monthly payments of \$1,207, increasing 2% every July 1st and each year thereafter. The City recognized \$14,253 in lease revenue and \$2,465 in interest revenue during the current fiscal year related to this lease. As of June 30, 2024, the City’s receivable for lease payments was \$102,548. 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, 2024, the balance of the deferred inflow of resources was \$99,770.

In 2017, the City began leasing one of its office buildings to a third party. The lease is for five years and has been renewed for an additional five-year term ending June 30, 2027. The City will receive monthly payments of \$10,598 increasing annually by the change in the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index, or an increase of 4%, whichever is less. The City recognized \$110,031 in lease revenue and \$12,800 in interest revenue during the current fiscal year related to this lease. As of June 30, 2024, the City’s receivable for lease payments was \$364,434. 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, 2024, the balance of the deferred inflow of resources was \$330,093.

B. Lease Payable

In 2021, the City entered into a sixty-three (63) month lease agreement as lessee for the acquisition and use of office equipment. An initial lease liability was recorded in the amount of \$36,538 during the year the lease was entered. As of June 30, 2024, the value of the lease liability was \$14,564. The City is required to make monthly principal and interest payments of \$626. The lease has an interest rate of 3%. The equipment has a five-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$36,538 and had accumulated amortization of \$22,619.

The future principal and interest lease payments as of June 30, 2024, were as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total
2025	\$ 7,172	\$ 339	\$ 7,511
2026	7,392	121	7,513
Total	<u>\$ 14,564</u>	<u>\$ 460</u>	<u>\$ 15,024</u>

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024

Notes to the Basic Financial Statements

NOTE 9 – LONG-TERM DEBT

Long-term debt reported in the governmental activities at June 30, 2024 was comprised of the following:

	Balance June 30, 2023	Issued	Retired	Balance June 30, 2024	Due Within One Year
<i>Direct Borrowing:</i>					
2022 Police vehicle finance purchase	\$ 112,942	\$ -	\$ (55,767)	\$ 57,175	\$ 57,174
2024 Police vehicle finance purchase	-	208,201	(15,976)	192,225	66,316
Total governmental activities	<u>\$ 112,942</u>	<u>\$ 208,201</u>	<u>\$ (71,743)</u>	<u>\$ 249,400</u>	<u>\$ 123,490</u>

2022 Police Vehicle Finance Purchase

On April 5, 2022, the City leased three police vehicles from the Municipal Finance Corporation, bearing an interest rate of 2.5% payable quarterly beginning in July of 2022, with final payment due in April of 2025. The lease agreement is secured by the leased vehicles and includes a provision whereby in the event of default the City will return the leased vehicles to the lessor. The vehicle lease is not a lease under GASB87 and has been classified as a finance purchase.

2024 Police Vehicle Finance Purchase

In January of 2024, the City leased three police vehicles from the Municipal Finance Corporation, bearing an interest rate of 5.95 % payable quarterly beginning in April of 2024, with final payment due in January of 2027. The lease agreement is secured by the leased vehicles and includes a provision whereby in the event of default the City will return the leased vehicles to the lessor. The vehicle lease is not a lease under GASB87 and has been classified as a finance purchase.

The following is a schedule of the future estimated minimum payments related to the vehicle finance purchases at June 30, 2024:

Fiscal Years Ending June 30	Principal	Interest	Total
2025	123,490	10,872	134,362
2026	70,351	5,941	76,292
2027	55,559	1,661	57,220
Total	<u>\$ 249,400</u>	<u>\$ 18,474</u>	<u>\$ 267,874</u>

Long-term debt reported in the business-type activities at June 30, 2024 was comprised of the following:

	Balance June 30, 2023	Issued	Retired	Balance June 30, 2024	Due Within One Year
<i>Direct Placement:</i>					
State Water Resources Control Board Loan	\$ 10,874,952	\$ -	\$ (284,589)	\$ 10,590,363	\$ 289,997
Certificates of Participation	4,630,000	-	(80,000)	4,550,000	83,000
Total business-type activities	<u>\$ 15,504,952</u>	<u>\$ -</u>	<u>\$ (364,589)</u>	<u>\$ 15,140,363</u>	<u>\$ 372,997</u>

NOTE 9 – LONG-TERM DEBT (Continued)

State Water Resources Control Board Loan

In July 2014, the City entered into an agreement with the State Water Resources Control Board (Lender) for \$12,683,881 bearing an interest rate equivalent to 1.90%, payable on October 31, 2017. On November 19, 2018, the City signed an amendment to the original contract, increasing the loaned up-to amount to \$13,215,780 and extending the payable date of the loan to September 1, 2021. The agreement reimburses the City for allowable expenses in the form of a loan that were incurred as a result of the construction of the Wastewater Treatment Plant. Contingent upon the City’s performance of obligations under the agreement, the lender has agreed to forgive \$2,224,189 of the principal due, which was formally granted during the year ended June 30, 2023. Payments are due annually on September 1 of each year and the City will begin repayment during the year ending June 30, 2024. In the event of default, the lender, at their discretion, may make all amounts outstanding due and payable.

Annual debt service requirements to maturity of the business-type activities debt balances are as follows:

Fiscal Years Ending June 30	Principal	Interest	Total
2025	\$ 289,997	\$ 206,624	\$ 496,621
2026	295,507	201,217	496,724
2027	301,122	195,707	496,829
2028	306,843	190,092	496,935
2029	312,673	184,371	497,044
2030-2034	1,654,766	832,188	2,486,954
2035-2039	1,818,057	671,911	2,489,968
2040-2044	1,997,463	495,852	2,493,315
2045-2049	2,194,569	302,419	2,496,988
2050-2052	1,419,366	89,899	1,509,265
Total	<u>\$ 10,590,363</u>	<u>\$ 3,370,280</u>	<u>\$ 13,960,643</u>

NOTE 9 – LONG-TERM DEBT (Continued)

Certificates of Participation

In October 2018, the City entered into a Certificate of Participation agreement (COP) with the Public Property Financing Corporation of California (Corporation) in connection with the United States Department of Agriculture Water & Waste Disposal Loan & Grant program. The agreement reimburses the City for allowable expenses in the form of a loan that were incurred as a result of the construction of the Wastewater Treatment Plant. The loan not-to-exceed amount of \$5,000,000, of which the City has drawn the entire available amount as of June 30, 2020, is repayable over a 50-year period beginning at the loan closing. The certificate of participation requires semi-annual payments on October 1 and April 1 of each year, bearing an interest rate equivalent to 2.75%. The COP includes a provision whereby if the City defaults on any other debt instrument or other obligation, the Corporation, at its discretion, may declare all or any part of the COP immediately due and payable.

Annual debt service requirements to maturity of the business-type activities debt balances are as follows:

Fiscal Years Ending June 30	Principal	Interest	Total
2025	\$ 83,000	\$ 125,125	\$ 208,125
2026	85,000	122,843	207,843
2027	87,000	120,505	207,505
2028	90,000	118,436	208,436
2029	92,000	115,638	207,638
2030-2034	608,000	638,405	1,246,405
2035-2039	588,000	450,998	1,038,998
2040-2044	673,000	365,280	1,038,280
2045-2049	771,000	267,447	1,038,447
2050-2054	883,000	155,363	1,038,363
2055-2058	590,000	32,797	622,797
Total	<u>\$ 4,550,000</u>	<u>\$ 2,512,837</u>	<u>\$ 7,062,837</u>

NOTE 10 – PENSION PLAN

A. General Information about the Pension Plans

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Plan (Plan) administered by the California Public Employees’ Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City of Farmersville’s (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.

NOTE 10 – PENSION PLAN (Continued)

A. General Information about the Pension Plans (Continued)

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

The rate plan provisions and benefits in effect at are summarized as follows:

	Miscellaneous	
	1st Tier	PEPRA
	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of annual salary	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.000%	7.750%
Required employer contribution rates	10.100%	7.680%
	Safety	
	1st Tier	PEPRA
	Prior to	On or after
Hire Date	January 1, 2013	January 1, 2013
Benefit formula	2% @ 55	2% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of annual salary	1.426% to 2.0%	1.426% to 2.0%
Required employee contribution rates	7.000%	11.000%
Required employer contribution rates	16.450%	10.850%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability was \$79,154 for the fiscal year ended June 30, 2024.

NOTE 10 – PENSION PLAN (Continued)

A. General Information about the Pension Plans (Continued)

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. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

The City’s contributions to the Plan recognized as a part of pension expense for the year then ended June 30, 2024 were \$679,938.

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

As of June 30, 2024, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$1,672,369.

The City’s net pension liability for the Plan is measured as a proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Plan as of June 30, 2022 and 2023 was as follows:

Proportion - June 30, 2022	0.0139%
Proportion - June 30, 2023	0.0134%
Change - Increase (Decrease)	-0.0005%

For the year ended June 30, 2024, the City recognized a pension expense of \$737,815. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 388,432	\$ -
Changes of Assumptions	99,093	-
Differences between actual and expected experience	106,246	11,725
Net differences between projected and actual earnings on plan investments	247,420	-
Change in employer's proportion	64,737	58,792
Differences between the employer's actual contributions and the employer's proportionate share of contributions	<u>258,308</u>	<u>4,271</u>
Total	<u>\$ 1,164,236</u>	<u>\$ 74,788</u>

NOTE 10 – PENSION PLAN (Continued)

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

\$388,432 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Years Ending June 30		
2025	\$	277,133
2026		185,077
2027		231,806
2028		7,000
2029		-
Thereafter		-

C. Actuarial Assumptions

The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry- Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	6.90% (1)
	Derived using CalPERS' Membership
Mortality	Data for all Funds(2)

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

(2) The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.

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

NOTE 10 – PENSION PLAN (Continued)

D. Discount Rate

The discount rate used to measure the total pension liability 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.

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

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

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

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 ⁽¹⁻²⁾
Global equity - cap-weighted	30.00%	4.54%
Global equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.0%	

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

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

NOTE 10 – PENSION PLAN (Continued)

D. Discount Rate (Continued)

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

Discount Rate -1%	Current Discount Rate	Discount Rate +1%
5.90%	6.90%	7.90%
\$ 3,322,410	\$ 1,672,369	\$ 319,255

E. Pension Plan Fiduciary Net Position

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

F. Payable to the Pension Plan

The City did not have an outstanding amount of contributions payable to the pension plan at the year ended June 30, 2024.

NOTE 11 – RISK MANAGEMENT

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

Each member city self-insures a portion of each of its claims, which for Farmersville is the first \$25,000 of each claim (occurrence) in the liability program and \$50,000 in the workers’ compensation program. If a claim exceeds a member’s retained limit, the amount exceeding the retained limit is distributed to the pool layers above the city’s retained limit, and that cost is shared amongst the members with the various pool layers.

For the Liability Program, the CSJVRMA’s risk sharing pool covers the first \$1,000,000 of each claim. The CSJVRMA participates in an excess pool, the California Affiliated Risk Management Authorities (CARMA) that provides excess liability coverage in excess of \$1,000,000. CARMA’s risk sharing pool covers the first \$4,000,000 of each claim and CARMA purchases a combination of reinsurance and excess insurance through Allied World National Assurance Company for a total of \$39,000,000 in coverage.

For the Workers’ Compensation Program, the CSJVRMA’s risk sharing pool covers the first \$500,000 of each claim. The CSJVRMA purchases excess workers’ compensation coverage through the Local Agency Workers’ Compensation Excess JPA (LAWCX) for an amount in excess of \$500,000. LAWCX’s risk sharing pool covers the first \$5 million of each claim, and LAWCX purchases a combination of reinsurance and excess insurance through PRISM (previously CSAC-EIA) with statutory limits.

The Central San Joaquin Valley Risk Management Authority is a consortium of fifty-four (54) cities in the San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et. Seq. The Central San Joaquin Valley Risk Management Authority is governed by a Board of Directors, which meets three times per year, and consists of one member appointed by each member city. A management group employed by CSJVRMA handles the day-to-day business.

NOTE 11 – RISK MANAGEMENT (Continued)

The summary financial position and results of operations for CSJVRMA, as of June 30, 2024 , is presented as follows:

Total assets	\$	179,635,612
Total liabilities		<u>144,400,470</u>
Total net position	\$	<u>35,235,142</u>
Revenues	\$	95,596,916
Expenses		<u>94,324,180</u>
Change in net position	\$	<u>1,272,736</u>

At the termination of the joint venture agreement and after all claims have been settled, any excess or deficit will be divided among the cities in proportion to the aggregate amount of contribution made by each.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

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.

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 13 – SUCCESSOR AGENCY TRUST FUND

On January 17, 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.

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

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024

Notes to the Basic Financial Statements

NOTE 13 – SUCCESSOR AGENCY TRUST FUND (Continued)

A. Long-Term Debt

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

	Balance June 30, 2023	Issued	Retired	Balance June 30, 2024	Due Within One Year	Due More Than One Year
USDA Loan - Direct Financing	\$ 1,225,224	\$ -	\$ (155,222)	\$ 1,070,002	\$ 161,893	\$ 908,109
Total long-term debt	<u>\$ 1,225,224</u>	<u>\$ -</u>	<u>\$ (155,222)</u>	<u>\$ 1,070,002</u>	<u>\$ 161,893</u>	<u>\$ 908,109</u>

B. USDA Loan

On August 11, 2009, the Farmersville Redevelopment Agency entered into loan agreement with the United States Department of Agriculture (the USDA) for construction of a community center and is secured by future property tax revenues. The loan’s not-to-exceed amount is \$2,971,200 and the loan will be repayable over a period not to exceed 30 years from the date of loan closing at the intermediate interest rate of 4.375%. The first interest installment is due no later than one full year from the date of loan closing. The outstanding loan balance as of June 30, 2024 was \$1,225,224. The agreement includes default provisions whereby if the Agency defaults on any other debt instrument or other obligation, the bond holders, at their discretion, may declare all or any part of the loan, including any accrued interest, immediately due and payable.

Annual debt service requirements to maturity of the USDA Loan are as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total
2025	\$ 161,893	\$ 42,800	\$ 204,693
2026	168,830	42,800	211,630
2027	176,045	29,571	205,616
2028	183,548	22,529	206,077
2029	191,352	22,721	214,073
2030	<u>188,334</u>	<u>7,533</u>	<u>195,867</u>
Total	<u>\$ 1,070,002</u>	<u>\$ 167,954</u>	<u>\$ 1,237,956</u>

NOTE 14 – DEFICIT FUND BALANCE

The following funds contained a deficit fund balance or net position as of June 30, 2024. Future revenues or transfers from other funds are expected to offset these deficits.

Governmental Funds:	
Federal and State Grants Special Revenue Fund	\$ 238,603
Drug Enforcement Fund	7,506
Fiduciary Funds:	
Private purpose trust fund-successor agency	\$ 876,573

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024

Notes to the Basic Financial Statements

NOTE 15 – PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2024, the City identified and corrected prior period misstatements in the opening fund balance and net position of the governmental activities and various governmental funds. These adjustments include corrections to previously reported activity to ensure compliance with generally accepted accounting principles (GAAP). A detailed summary of these changes to the opening balances is provided in the table below:

	Government-Wide		Governmental Funds			
	Governmental Activities	General	Federal and State Grants	Street Tax	Park Development Fund	Nonmajor Governmental Funds
Fund balance/net position, June 30, 2023, as previously reported	\$ 64,067,522	\$ 13,773,236	\$ (391,248)	\$ 7,256,205	\$ (170,630)	\$ 1,216,700
Prior period adjustments:						
Overstatement of accounts receivable	(268,391)	-	-	(359,702)	-	91,309
Understatement of capital assets	99,801	-	-	-	-	-
Overstatement of prepaid expenses	(81,970)	(81,970)	-	-	-	-
Understatement of revenue	262,936	-	262,936	-	-	-
Total error correction	12,376	(81,970)	262,936	(359,702)	-	91,309
Change within financial reporting entity (nonmajor to major)	-	-	-	-	170,630	(170,630)
Fund balance/net position, July 1, 2023, as restated	\$ 64,079,898	\$ 13,691,266	\$ (128,312)	\$ 6,896,503	\$ -	\$ 1,137,379

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024

Budgetary Comparison Schedule

General Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	\$ 1,652,500	\$ 1,719,094	\$ 1,782,689	\$ 63,595
Sales taxes	2,837,000	2,481,000	2,549,133	68,133
Cannabis taxes	-	-	802,779	802,779
Other taxes	203,250	203,250	213,950	10,700
Licenses and permits	150,770	150,770	180,808	30,038
Developer fees	49,092	49,092	-	(49,092)
Charges for services	333,390	333,390	303,563	(29,827)
Intergovernmental	6,897,647	6,967,874	147,722	(6,820,152)
Fines and penalties	12,000	12,000	17,384	5,384
Gain (loss) on investments	240,408	240,408	691,101	450,693
Rental income	230,957	230,957	219,185	(11,772)
Miscellaneous revenue	4,018	4,018	73,688	69,670
	<u>12,611,032</u>	<u>12,391,853</u>	<u>6,982,002</u>	<u>(5,409,851)</u>
EXPENDITURES				
Current:				
City council	29,648	29,648	32,055	(2,407)
Administration	1,086,344	1,021,960	1,083,385	(61,425)
City properties	87,816	87,816	35,817	51,999
Public safety:				
Law enforcement	2,784,321	2,773,858	2,655,932	117,926
Fire services	1,306,265	1,316,081	1,518,799	(202,718)
Animal control	96,125	142,882	142,783	99
Buildings, grounds and parks	551,387	551,307	549,068	2,239
Street construction and maintenance	487,201	484,330	-	484,330
Community development	1,712,594	1,705,435	756,863	948,572
Capital outlay	12,247,381	12,903,330	2,125,021	10,778,309
Debt service:				
Principal	-	-	6,961	(6,961)
Interest	-	-	551	(551)
	<u>20,389,082</u>	<u>21,016,647</u>	<u>8,907,235</u>	<u>12,109,412</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,778,050)</u>	<u>(8,624,794)</u>	<u>(1,925,233)</u>	<u>6,699,561</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of capital lease	-	-	208,201	208,201
Insurance recoveries	-	-	144,078	144,078
Transfers in	1,755,944	1,755,944	-	(1,755,944)
Transfers out	-	-	(625,000)	(625,000)
	<u>1,755,944</u>	<u>1,755,944</u>	<u>(272,721)</u>	<u>(2,028,665)</u>
Net change in fund balance	<u>\$ (6,022,106)</u>	<u>\$ (6,868,850)</u>	(2,197,954)	<u>\$ 4,670,896</u>
Fund balances - beginning, restated			<u>13,691,266</u>	
Fund balances - ending			<u>\$ 11,493,312</u>	

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024

Budgetary Comparison Schedule

Federal and State Grants Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Intergovernmental	\$ 4,658,069	\$ 4,658,069	\$ 7,679,514	\$ 3,021,445
Total revenues	<u>4,658,069</u>	<u>4,658,069</u>	<u>7,679,514</u>	<u>3,021,445</u>
EXPENDITURES				
Current:				
Community development	1,057,000	1,057,000	5,462,289	(4,405,289)
Capital outlay	<u>3,601,069</u>	<u>3,601,069</u>	<u>2,327,516</u>	<u>1,273,553</u>
Total expenditures	<u>4,658,069</u>	<u>4,658,069</u>	<u>7,789,805</u>	<u>(3,131,736)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(110,291)	<u>\$ (110,291)</u>
Error correction (see note 15)			<u>262,936</u>	
Fund balances (deficit) - beginning, restated			<u>(128,312)</u>	
Fund balances - ending			<u>\$ (238,603)</u>	

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024

Budgetary Comparison Schedule
Street Tax Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Intergovernmental	\$ 1,471,703	\$ 1,415,545	\$ 839,860	\$ (575,685)
Gain (loss) on investments	<u>132,366</u>	<u>132,366</u>	<u>172,154</u>	<u>39,788</u>
Total revenues	<u>1,604,069</u>	<u>1,547,911</u>	<u>1,012,014</u>	<u>(535,897)</u>
EXPENDITURES				
Current:				
Street construction and maintenance	427,309	424,187	374,863	49,324
Capital outlay	<u>4,630,188</u>	<u>4,630,188</u>	<u>2,236,377</u>	<u>2,393,811</u>
Total expenditures	<u>5,057,497</u>	<u>5,054,375</u>	<u>2,611,240</u>	<u>2,443,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,453,428)</u>	<u>\$ (3,506,464)</u>	(1,599,226)	<u>\$ 1,907,238</u>
Fund balances - beginning			<u>7,256,205</u>	
Fund balances - ending			<u>\$ 5,297,277</u>	

NOTE 1 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Prior to July 1, the City Council adopts budgets for the governmental fund types. Following publication and public hearings, the budgets are legally enacted by resolution. The budgets are adopted on a modified accrual basis of accounting. The City Council approves budget amendments as needed during the fiscal year. The budget is prepared on a generally accepted accounting principles (GAAP) basis.

If expenditures exceed appropriations, the City Manager is authorized to transfer budgeted amounts between line items within any department. However, any revisions that alter the total appropriations of any department must be approved by the City Council. Budgeted amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual on a Budgetary Basis include amendments for these supplemental appropriations.

Under GASB Statement No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget.

B. Excess of Expenditures Over Appropriations

As of June 30, 2024 , expenditures exceeded appropriations in individual funds as follows:

Appropriations Category	Budget	Actual	Variance
General Fund:			
Current:			
City council	\$ 29,648	\$ 32,055	\$ (2,407)
Administration	1,021,960	1,083,385	(61,425)
Fire services	1,316,081	1,518,799	(202,718)
Debt service:			
Principal	-	6,961	(6,961)
Interest	-	551	(551)
Other financing sources:			
Transfers out	-	625,000	(625,000)
 Federal and States Grants Special Revenue Fund:			
Current:			
Community development	1,057,000	5,462,289	(4,405,289)

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024

Pension Plans – Cost-Sharing Multiple-Employer Plan

Schedule of Proportionate Share of Net Pension Liability (Asset) And Related Ratios as of The Measurement Date

Last 10 Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Proportion of the net pension liability	0.0174%	0.0131%	0.0139%	0.0141%	0.0136%	0.0135%	0.0146%	0.0061%	0.0139%	0.0134%
Proportionate share of the net pension liability	\$1,089,879	\$895,761	\$1,202,578	\$1,394,031	\$1,308,300	\$1,388,131	\$1,587,420	\$328,839	\$1,610,395	\$1,672,369
Covered payroll	\$1,340,829	\$1,637,780	\$1,898,078	\$1,899,060	\$1,709,690	\$1,869,089	\$1,970,290	\$2,070,869	\$2,460,033	\$2,741,435
Proportionate share of the net pension liability as a percentage of covered payroll	81.28%	54.69%	63.36%	73.41%	76.52%	74.27%	80.57%	15.88%	65.46%	61.00%
Plan fiduciary net position as a percentage of the total pension liability	76.68%	82.38%	79.05%	79.56%	82.53%	82.38%	81.98%	96.54%	84.92%	86.18%

Notes to Schedule:

Changes in Benefit Terms - In 2022, SB 1168 increased the standard retiree lump sum death benefit from \$500 to \$2,000 for any death occurring on or after July 1, 2023. For pooled plans this is a Class 3 benefit and there is no normal cost surcharge. The impact on the unfunded liability is included in the pool’s differences between expected and actual experience.

Changes of Assumptions : None

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024

Pension Plans – Cost-Sharing Multiple-Employer Plan

Schedule of Contributions

Last 10 Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution	\$ 254,448	\$ 264,521	\$ 281,161	\$ 282,522	\$ 285,899	\$ 295,827	\$ 468,607	\$ 670,864	\$ 679,938	\$ 388,432
Contributions in relation to the actuarially determined contributions	<u>254,448</u>	<u>264,521</u>	<u>281,161</u>	<u>282,522</u>	<u>285,899</u>	<u>295,827</u>	<u>468,607</u>	<u>670,864</u>	<u>679,938</u>	<u>388,432</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Covered payroll	\$ 1,637,780	\$ 1,898,078	\$ 1,899,060	\$ 1,709,690	\$ 1,869,089	\$ 1,970,290	\$ 2,070,869	\$ 2,460,033	\$ 2,741,435	\$ 2,888,801
Contributions as a percentage of covered payroll	15.54%	13.94%	14.81%	16.52%	15.30%	15.01%	22.63%	27.27%	24.80%	13.45%

**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

Capital project funds are used to account for all financial resources that are restricted, committed or assigned to expenditure for capital outlays.

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes.

CITY OF FARMERSVILLE | JUNE 30, 2024

Nonmajor Governmental Funds

Combining Balance Sheet

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 1,450,467	\$ 113,273	\$ 1,563,740
Receivables:			
Intergovernmental	<u>5,990</u>	<u>450,015</u>	<u>456,005</u>
Total assets	<u>\$ 1,456,457</u>	<u>\$ 563,288</u>	<u>\$ 2,019,745</u>
LIABILITIES			
Accounts payable	\$ 3,976	\$ 10,646	\$ 14,622
Deposits	7,506	-	7,506
Salaries and benefits payable	5,056	-	5,056
Due to other funds	-	341,416	341,416
Retainage	<u>-</u>	<u>87,176</u>	<u>87,176</u>
Total liabilities	<u>16,538</u>	<u>439,238</u>	<u>455,776</u>
FUND BALANCES			
Restricted for:			
Public safety	134,514	-	134,514
Community development	752,992	-	752,992
Capital maintenance	559,919	124,050	683,969
Unassigned	<u>(7,506)</u>	<u>-</u>	<u>(7,506)</u>
Total fund balances	<u>1,439,919</u>	<u>124,050</u>	<u>1,563,969</u>
Total liabilities and fund balances	<u>\$ 1,456,457</u>	<u>\$ 563,288</u>	<u>\$ 2,019,745</u>

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES			
Developer fees	\$ 176,316	\$ 66,742	\$ 243,058
Charges for services	69,223	-	69,223
Intergovernmental	276,768	569,203	845,971
Fines and penalties	13,920	-	13,920
Gain (loss) on investments	39,104	4,471	43,575
Loan repayments	9,178	-	9,178
	<u>584,509</u>	<u>640,416</u>	<u>1,224,925</u>
EXPENDITURES			
Current:			
Public safety:			
Law enforcement	219,971	-	219,971
Street construction and maintenance	47,604	-	47,604
Community development	2,605	-	2,605
Capital outlay	31,407	1,121,748	1,153,155
	<u>301,587</u>	<u>1,121,748</u>	<u>1,423,335</u>
Excess (deficiency) of revenues over (under) expenditures	<u>282,922</u>	<u>(481,332)</u>	<u>(198,410)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	625,000	625,000
	<u>-</u>	<u>625,000</u>	<u>625,000</u>
Net changes in fund balances	<u>282,922</u>	<u>143,668</u>	<u>426,590</u>
Fund balances - beginning, as previously presented	1,156,997	59,703	1,216,700
Change within financial reporting entity (major to nonmajor)	-	(170,630)	(170,630)
Error correction (see note 15)	-	91,309	91,309
	<u>1,156,997</u>	<u>(19,618)</u>	<u>1,137,379</u>
Fund balances - beginning, restated	<u>1,156,997</u>	<u>(19,618)</u>	<u>1,137,379</u>
Fund balances - ending	<u>\$ 1,439,919</u>	<u>\$ 124,050</u>	<u>\$ 1,563,969</u>

CITY OF FARMERSVILLE | JUNE 30, 2024

Special Revenue Funds
Combining Balance Sheet

	Low and Moderate Income Housing Asset	Maintenance District	Developer Fees	Drug Enforcement Fund	Police Grants	State and County Asset Forfeiture	CDBG Program Income	CalHOME Program Income	HOME Program Income	Totals
ASSETS										
Cash and investments	\$ 101,670	\$ 24,809	\$ 437,191	\$ -	\$ 139,519	\$ -	\$ 482,101	\$ 50,136	\$ 215,041	\$ 1,450,467
Receivables:										
Intergovernmental	-	276	-	-	-	-	-	5,714	-	5,990
Total assets	<u>\$ 101,670</u>	<u>\$ 25,085</u>	<u>\$ 437,191</u>	<u>\$ -</u>	<u>\$ 139,519</u>	<u>\$ -</u>	<u>\$ 482,101</u>	<u>\$ 55,850</u>	<u>\$ 215,041</u>	<u>\$ 1,456,457</u>
LIABILITIES										
Accounts payable	\$ -	\$ 3,881	\$ -	\$ -	\$ 95	\$ -	\$ -	\$ -	\$ -	\$ 3,976
Deposits	-	-	-	7,506	-	-	-	-	-	7,506
Salaries and benefits payable	-	146	-	-	4,910	-	-	-	-	5,056
Total liabilities	<u>-</u>	<u>4,027</u>	<u>-</u>	<u>7,506</u>	<u>5,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,538</u>
FUND BALANCES										
Restricted for:										
Public safety	-	-	-	-	134,514	-	-	-	-	134,514
Community development	-	-	-	-	-	-	482,101	55,850	215,041	752,992
Capital maintenance	101,670	21,058	437,191	-	-	-	-	-	-	559,919
Unassigned	-	-	-	(7,506)	-	-	-	-	-	(7,506)
Total fund balances	<u>101,670</u>	<u>21,058</u>	<u>437,191</u>	<u>(7,506)</u>	<u>134,514</u>	<u>-</u>	<u>482,101</u>	<u>55,850</u>	<u>215,041</u>	<u>1,439,919</u>
Total liabilities and fund balances	<u>\$ 101,670</u>	<u>\$ 25,085</u>	<u>\$ 437,191</u>	<u>\$ -</u>	<u>\$ 139,519</u>	<u>\$ -</u>	<u>\$ 482,101</u>	<u>\$ 55,850</u>	<u>\$ 215,041</u>	<u>\$ 1,456,457</u>

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances

	Low and Moderate Income Housing Asset	Maintenance District	Developer Fees	Drug Enforcement Fund	Police Grants	State and County Asset Forfeiture	CDBG Program Income	CalHOME Program Income	HOME Program Income	Totals
REVENUES										
Developer fees	\$ -	\$ -	\$ 176,316	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176,316
Charges for services	-	69,223	-	-	-	-	-	-	-	69,223
Intergovernmental	-	-	-	-	186,159	-	31,795	55,214	3,600	276,768
Fines and penalties	-	-	-	13,920	-	-	-	-	-	13,920
Investment income	-	288	11,401	-	5,193	-	14,806	796	6,620	39,104
Loan repayments	9,178	-	-	-	-	-	-	-	-	9,178
Total revenues	9,178	69,511	187,717	13,920	191,352	-	46,601	56,010	10,220	584,509
EXPENDITURES										
Current:										
Public safety:										
Law enforcement	-	-	-	-	219,971	-	-	-	-	219,971
Street construction and maintenance	-	47,604	-	-	-	-	-	-	-	47,604
Community development	-	-	-	-	-	-	-	-	2,605	2,605
Capital outlay	-	-	10,946	17,449	-	3,012	-	-	-	31,407
Total expenditures	-	47,604	10,946	17,449	219,971	3,012	-	-	2,605	301,587
Excess (deficiency) of revenues over (under) expenditures	9,178	21,907	176,771	(3,529)	(28,619)	(3,012)	46,601	56,010	7,615	282,922
Fund balances - beginning	92,492	(849)	260,420	(3,977)	163,133	3,012	435,500	(160)	207,426	1,156,997
Fund balances - ending	\$ 101,670	\$ 21,058	\$ 437,191	\$ (7,506)	\$ 134,514	\$ -	\$ 482,101	\$ 55,850	\$ 215,041	\$ 1,439,919

CITY OF FARMERSVILLE | JUNE 30, 2024

Capital Projects Fund
 Combining Balance Sheet

	Storm Drain Development Fund	Park Development Fund	Totals
ASSETS			
Cash and investments	\$ 113,273	\$ -	\$ 113,273
Intergovernmental	<u>-</u>	<u>450,015</u>	<u>450,015</u>
Total assets	<u>\$ 113,273</u>	<u>\$ 450,015</u>	<u>\$ 563,288</u>
LIABILITIES			
Accounts payable	\$ -	\$ 10,646	\$ 10,646
Retainage	-	87,176	87,176
Due to other funds	<u>-</u>	<u>341,416</u>	<u>341,416</u>
Total liabilities	<u>-</u>	<u>439,238</u>	<u>439,238</u>
FUND BALANCES			
Restricted for:			
Capital maintenance	<u>113,273</u>	<u>10,777</u>	<u>124,050</u>
Total fund balances	<u>\$ 113,273</u>	<u>\$ 450,015</u>	<u>\$ 563,288</u>

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024

Capital Projects Fund

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

	Storm Drain Development Fund	Park Development Fund	Totals
REVENUES			
Developer fees	\$ 50,755	\$ 15,987	\$ 66,742
Intergovernmental	-	569,203	569,203
Investment income	<u>2,815</u>	<u>1,656</u>	<u>4,471</u>
Total revenues	<u>53,570</u>	<u>586,846</u>	<u>640,416</u>
EXPENDITURES			
Capital outlay	<u>-</u>	<u>1,121,748</u>	<u>1,121,748</u>
Total expenditures	<u>-</u>	<u>1,121,748</u>	<u>1,121,748</u>
Excess (deficiency) of revenues over (under) expenditures	<u>53,570</u>	<u>(534,902)</u>	<u>(481,332)</u>
Other financing sources (Uses):			
Transfers in	<u>-</u>	<u>625,000</u>	<u>625,000</u>
Total other financing sources (uses)	<u>-</u>	<u>625,000</u>	<u>625,000</u>
Net change in fund balance	<u>53,570</u>	<u>90,098</u>	<u>143,668</u>
Fund balance - beginning, as previously presented	59,703	-	59,703
Change within financial reporting entity (major to nonmajor fund)	-	(170,630)	(170,630)
Error correction (see note 15)	<u>-</u>	<u>91,309</u>	<u>91,309</u>
Fund balance - beginning, restated	<u>59,703</u>	<u>(79,321)</u>	<u>(19,618)</u>
Fund balance - ending	<u>\$ 113,273</u>	<u>\$ 10,777</u>	<u>\$ 124,050</u>

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024

Sewer Fund

Combining Statement of Net Position

	Sewer Operating Fund	Sewer Rate Stabilization Fund	Total - Sewer Fund
ASSETS			
Current assets:			
Cash and investments	\$ 1,912,629	\$ 1,248,843	\$ 3,161,472
Accounts receivable, net of allowance	<u>224,577</u>	<u>-</u>	<u>224,577</u>
Total current assets	<u>2,137,206</u>	<u>1,248,843</u>	<u>3,386,049</u>
Noncurrent assets:			
Restricted assets:			
Cash and investments	1,926,931	-	1,926,931
Capital assets, net of accumulated depreciation	<u>26,705,240</u>	<u>-</u>	<u>26,705,240</u>
Total noncurrent assets	<u>28,632,171</u>	<u>-</u>	<u>28,632,171</u>
Total assets	<u>30,769,377</u>	<u>1,248,843</u>	<u>32,018,220</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	<u>137,622</u>	<u>-</u>	<u>137,622</u>
Total deferred outflows of resources	<u>137,622</u>	<u>-</u>	<u>137,622</u>
LIABILITIES			
Current liabilities:			
Accounts payable	43,671	-	43,671
Salaries and benefits payable	12,659	-	12,659
Interest payable	198,449	-	198,449
Compensated absences	12,906	-	12,906
Loans payable	<u>372,997</u>	<u>-</u>	<u>372,997</u>
Total current liabilities	<u>640,682</u>	<u>-</u>	<u>640,682</u>
Noncurrent liabilities:			
Compensated absences	54,951	-	54,951
Loans payable	14,767,366	-	14,767,366
Net pension liability	<u>181,795</u>	<u>-</u>	<u>181,795</u>
Total noncurrent liabilities	<u>15,004,112</u>	<u>-</u>	<u>15,004,112</u>
Total liabilities	<u>15,644,794</u>	<u>-</u>	<u>15,644,794</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	<u>26,476</u>	<u>-</u>	<u>26,476</u>
Total deferred inflows of resources	<u>26,476</u>	<u>-</u>	<u>26,476</u>
NET POSITION			
Net investment in capital assets	11,564,877	-	11,564,877
Restricted for:			
Debt service	829,414	-	829,414
Capital projects	1,097,517	-	1,097,517
Unrestricted	<u>1,743,921</u>	<u>1,248,843</u>	<u>2,992,764</u>
Total net position	<u>\$ 15,235,729</u>	<u>\$ 1,248,843</u>	<u>\$ 16,484,572</u>

CITY OF FARMERSVILLE | FOR THE YEAR ENDED JUNE 30, 2024

Sewer Fund

Combining Statement of Revenues, Expenses and Changes in Net Position

	Sewer Operating Fund	Sewer Rate Stabilization Fund	Total - Sewer Fund
Operating revenues:			
Charges for services	\$ 2,049,164	\$ -	\$ 2,049,164
Total revenues	<u>2,049,164</u>	<u>-</u>	<u>2,049,164</u>
Operating expenses:			
Personnel costs	647,766	-	647,766
Utilities	257,234	-	257,234
Contractual services	952,211	-	952,211
Franchise payments	12,500	-	12,500
Operations and maintenance	266,555	-	266,555
Repairs and Maintenance	46,545	-	46,545
Provision for bad debts	3,222	-	3,222
Depreciation	601,385	-	601,385
Total operating expenses	<u>2,787,418</u>	<u>-</u>	<u>2,787,418</u>
Operating income (loss)	<u>(738,254)</u>	<u>-</u>	<u>(738,254)</u>
Nonoperating revenue (expenses):			
Connection fees	90,513	-	90,513
Developer fees	20,928	-	20,928
Grant revenue	19,044	-	19,044
Investment income	172,989	-	172,989
Interest income (expense)	(329,430)	-	(329,430)
Total nonoperating revenues (expenses)	<u>(25,956)</u>	<u>-</u>	<u>(25,956)</u>
Income (loss) before transfers	(764,210)	-	(764,210)
Transfers in	251,157	-	251,157
Transfers out	<u>-</u>	<u>(251,157)</u>	<u>(251,157)</u>
Change in net position	(513,053)	(251,157)	(764,210)
Net position - beginning	<u>15,748,782</u>	<u>1,500,000</u>	<u>17,248,782</u>
Net position - ending	<u>\$ 15,235,729</u>	<u>\$ 1,248,843</u>	<u>\$ 16,484,572</u>