

CITY OF CALISTOGA
CALISTOGA, CALIFORNIA
ANNUAL FINANCIAL REPORT
JUNE 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
City of Calistoga
Calistoga, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, of the City of Calistoga, California as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise City of Calistoga'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, business-type activities, each major fund, and the aggregate remaining fund information of City of Calistoga, 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 (GAAS) 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 of Calistoga, 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 GAAS, 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 City of Calistoga's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 of Calistoga'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 City of Calistoga'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 is not modified with respect to this matter.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and other required supplementary information, as listed 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 GAAS, 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

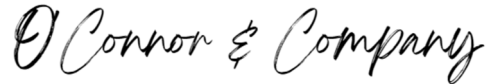
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Calistoga's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required 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 GAAS. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Honorable Mayor and
Members of the City Council
City of Calistoga - Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2025, on our consideration of the City of Calistoga's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 City of Calistoga's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Calistoga's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "O'Connor & Company". The script is cursive and fluid, with the "O" being particularly large and stylized.

O'Connor & Company

Novato, California
December 29, 2025

City of Calistoga
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 24,132,995	\$ 7,685,521	\$ 31,818,516
Net receivables	4,543,426	1,837,175	6,380,601
Prepaid items	163,397	-	163,397
Total current assets	<u>28,839,818</u>	<u>9,522,696</u>	<u>38,362,514</u>
Noncurrent assets:			
Internal balances	1,943,446	(1,943,446)	-
Receivables-long-term	6,878,909	-	6,878,909
Nondepreciable assets	8,057,315	8,619,798	16,677,113
Depreciable assets, net	<u>21,235,361</u>	<u>24,976,886</u>	<u>46,212,247</u>
Total noncurrent assets	<u>38,115,031</u>	<u>31,653,238</u>	<u>69,768,269</u>
Total assets	<u>66,954,849</u>	<u>41,175,934</u>	<u>108,130,783</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - loss of refunding	-	55,255	55,255
Deferred outflows of resources - pension	4,794,948	824,179	5,619,127
Deferred outflows of resources - OPEB	<u>502,430</u>	<u>-</u>	<u>502,430</u>
Total deferred outflows of resources	<u>5,297,378</u>	<u>879,434</u>	<u>6,176,812</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,541,964	1,378,140	2,920,104
Compensated absences	121,146	88,024	209,170
Deposits	81,970	204,640	286,610
Accrued interest payable	-	92,477	92,477
Claims and settlements	29,319	-	29,319
Bonds, leases, agreements, notes and certificates due in one year	<u>345,783</u>	<u>595,000</u>	<u>940,783</u>
Total current liabilities	<u>2,120,182</u>	<u>2,358,281</u>	<u>4,478,463</u>
Noncurrent liabilities:			
Compensated absences	363,438	20,000	383,438
Bonds, leases, agreements, notes and certificates due in more than one year	931,947	7,982,852	8,914,799
Net pension liability	9,088,682	3,920,293	13,008,975
Net OPEB liability	<u>2,231,077</u>	<u>-</u>	<u>2,231,077</u>
Total noncurrent liabilities	<u>12,615,144</u>	<u>11,923,145</u>	<u>24,538,289</u>
Total liabilities	<u>14,735,326</u>	<u>14,281,426</u>	<u>29,016,752</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	534,360	83,074	617,434
Deferred inflows of resources - OPEB	<u>1,346,309</u>	<u>-</u>	<u>1,346,309</u>
Total deferred inflows of resources	<u>1,880,669</u>	<u>83,074</u>	<u>1,963,743</u>
NET POSITION			
Net investment in capital assets	28,014,946	25,018,832	53,033,778
Restricted for:			
Streets, recreation, capital projects	5,882,316	-	5,882,316
Public safety	794,876	-	794,876
Housing	11,907,500	-	11,907,500
Unrestricted	<u>9,036,594</u>	<u>2,672,036</u>	<u>11,708,630</u>
Total net position	<u>\$ 55,636,232</u>	<u>\$ 27,690,868</u>	<u>\$ 83,327,100</u>

The accompanying notes are an integral part of these financial statements.

City of Calistoga
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	City Government		
					Governmental Activities	Business-type Activities	Total
Functions/Programs							
City government							
Governmental activities:							
General government	\$ 3,235,016	\$ -	\$ -	\$ -	\$ (3,235,016)	\$ -	\$ (3,235,016)
Public safety	7,368,375	19,649	115,000	-	(7,233,726)	-	(7,233,726)
Community services	1,178,935	-	-	-	(1,178,935)	-	(1,178,935)
Housing	1,468,451	-	-	-	(1,468,451)	-	(1,468,451)
Recreation services	1,902,110	1,099,546	-	-	(802,564)	-	(802,564)
Public works	4,195,698	384,934	3,190,745	-	(620,019)	-	(620,019)
Planning and building	541,618	-	-	-	(541,618)	-	(541,618)
Interest on long-term debt	35,981	-	-	-	(35,981)	-	(35,981)
Total governmental activities	<u>19,926,184</u>	<u>1,504,129</u>	<u>3,305,745</u>	<u>-</u>	<u>(15,116,310)</u>	<u>-</u>	<u>(15,116,310)</u>
Business-Type Activities:							
Water	5,471,839	4,687,374	-	339,767	-	(444,698)	(444,698)
Wastewater	3,833,247	4,309,357	-	196,224	-	672,334	672,334
Total business-type activities	<u>9,305,086</u>	<u>8,996,731</u>	<u>-</u>	<u>535,991</u>	<u>-</u>	<u>227,636</u>	<u>227,636</u>
Total City government	<u>\$29,231,270</u>	<u>\$10,500,860</u>	<u>\$ 3,305,745</u>	<u>\$ 535,991</u>	<u>(15,116,310)</u>	<u>227,636</u>	<u>(14,888,674)</u>
General revenues and transfers							
<i>General revenues:</i>							
Taxes:							
Property taxes					4,453,136	-	4,453,136
Transient occupancy taxes					12,872,588	-	12,872,588
Sales taxes					1,452,636	-	1,452,636
Other taxes					523,942	-	523,942
Unrestricted investment earnings					1,037,513	142,353	1,179,866
Other general revenues					44,818	5,756	50,574
Transfers					(2,247,561)	2,247,561	-
Total general revenues and transfers					<u>18,137,072</u>	<u>2,395,670</u>	<u>20,532,742</u>
Change in net position					<u>3,020,762</u>	<u>2,623,306</u>	<u>5,644,068</u>
Net position, beginning					<u>52,615,470</u>	<u>25,067,562</u>	<u>77,683,032</u>
Net position, ending					<u>\$55,636,232</u>	<u>\$27,690,868</u>	<u>\$83,327,100</u>

The accompanying notes are an integral part of these financial statements.

City of Calistoga
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	General Fund	HOME Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$10,137,241	\$ 2,778	\$11,637,126	\$ 21,777,145
Taxes receivables	3,472,998	-	12,275	3,485,273
Accounts receivables	23,533	-	-	23,533
Due from other governments	346,936	-	484,958	831,894
Accrued interest receivable	129,882	-	68,483	198,365
Advances to other funds	1,943,446	-	56,286	1,999,732
Prepaid items	115,739	-	31,158	146,897
Notes receivables	-	4,433,141	2,445,768	6,878,909
Total assets	<u>\$ 16,169,775</u>	<u>\$ 4,435,919</u>	<u>\$ 14,736,054</u>	<u>\$ 35,341,748</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payables	\$ 1,377,143	\$ -	\$ 60,288	\$ 1,437,431
Accrued liabilities	-	-	-	-
Advances from other funds	-	-	56,286	56,286
Deposits	-	-	81,970	81,970
Total liabilities	<u>1,377,143</u>	<u>-</u>	<u>198,544</u>	<u>1,575,687</u>
Fund balances:				
Nonspendable	2,059,185	-	-	2,059,185
Restricted for capital improvements	-	-	-	-
Restricted for affordable housing	-	4,435,919	7,471,581	11,907,500
Restricted for streets	-	-	5,596,687	5,596,687
Restricted for facilities	-	-	275,011	275,011
Restricted for public safety	-	-	794,876	794,876
Restricted for parks	-	-	10,618	10,618
Unassigned	<u>12,733,447</u>	<u>-</u>	<u>388,737</u>	<u>13,122,184</u>
Total fund balances	<u>14,792,632</u>	<u>4,435,919</u>	<u>14,537,510</u>	<u>33,766,061</u>
Total liabilities and fund balances	<u>\$ 16,169,775</u>	<u>\$ 4,435,919</u>	<u>\$ 14,736,054</u>	<u>\$ 35,341,748</u>
Total Governmental Fund Balances				\$ 33,766,061
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds				27,830,028
The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position				3,734,827
Some liabilities, including bonds, leases, compensated absences, and accrued interest are not due and payable in the current period and are therefore not reported in the funds.				(1,791,633)
Deferred outflow related to pension				4,794,948
Deferred outflow related to OPEB				502,430
Deferred inflow related to pension				(534,360)
Deferred inflow related to OPEB				(1,346,309)
Net pension liability				(9,088,682)
Net OPEB liability				<u>(2,231,077)</u>
Net Position of Governmental Activities				<u>\$ 55,636,232</u>

The accompanying notes are integral to these financial statements.

City of Calistoga
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General Fund	HOME Grant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 4,453,136	\$ -	\$ -	\$ 4,453,136
Sales taxes	1,452,636	-	-	1,452,636
Transient occupancy taxes	11,882,390	-	990,198	12,872,588
Other taxes	523,942	-	-	523,942
Licenses and permits	384,934	-	-	384,934
Fines and forfeits	19,649	-	-	19,649
Intergovernmental	1,114,213	-	2,191,532	3,305,745
Interest and rents	713,062	90,763	233,688	1,037,513
Charges for services	1,050,380	-	49,166	1,099,546
Miscellaneous	3,641	-	41,176	44,817
	<u>21,597,983</u>	<u>90,763</u>	<u>3,505,760</u>	<u>25,194,506</u>
EXPENDITURES				
Current:				
General government	3,163,191	-	20,000	3,183,191
Public safety	7,112,613	-	710	7,113,323
Community services	1,031,312	-	-	1,031,312
Housing	-	-	1,468,451	1,468,451
Recreation services	1,677,537	-	-	1,677,537
Public works	6,695,814	-	52,605	6,748,419
Planning and building	541,618	-	-	541,618
Debt service:				
Principal	-	-	337,920	337,920
Interest	-	-	35,981	35,981
	<u>20,222,085</u>	<u>-</u>	<u>1,915,667</u>	<u>22,137,752</u>
Excess (deficiency) of revenues over expenditures	<u>1,375,898</u>	<u>90,763</u>	<u>1,590,093</u>	<u>3,056,754</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,874,250	-	3,288,962	5,163,212
Transfers out	(5,908,853)	-	(2,574,250)	(8,483,103)
Total other financing sources (uses)	<u>(4,034,603)</u>	<u>-</u>	<u>714,712</u>	<u>(3,319,891)</u>
Net change in fund balances	(2,658,705)	90,763	2,304,805	(263,137)
Fund balances, July 1	<u>17,451,337</u>	<u>4,345,156</u>	<u>12,232,705</u>	<u>34,029,198</u>
Fund balances, June 30	<u>\$ 14,792,632</u>	<u>\$ 4,435,919</u>	<u>\$ 14,537,510</u>	<u>\$ 33,766,061</u>

The accompanying notes are an integral part of these financial statements.

City of Calistoga
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ (263,137)
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Amounts reported for Governmental Activities in the
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures, however, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays \$3,307,297 exceed depreciation (\$1,727,487).	1,946,487
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Repayments of long-term debt principal and claims are reported as expenditures in the governmental funds, but the repayments reduce liabilities in the Statement of Net Position.	337,920
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Governmental funds report compensated absences when payments are made or are immediately due. However, in the Statement of Activities these costs are recorded when incurred.	34,813
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Internal service funds are closed by charging additional amounts or reducing charges to participating governmental activities to completely cover the internal service fund's costs for the year.	839,684
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Governmental funds record OPEB expense as it is paid.	141,409
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Governmental funds record pension expense as it is paid. However, in the Statement of Activities those costs are reversed as deferred outflows/(inflows) and an increase/(decrease) in net pension liability.	<div style="border-top: 1px solid black; display: inline-block;">(16,414)</div>
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Net differences	<div style="border-top: 1px solid black; display: inline-block;">3,283,899</div>
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Change in Net Position of Governmental Activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">\$ 3,020,762</div>
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The accompanying notes are an integral part of these financial statements.

City of Calistoga
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2024

	Enterprise Funds		Total	Governmental Activities- Internal Service Fund
	Water	Wastewater		
ASSETS				
Current assets:				
Cash and investments	\$ 2,763,571	\$ 4,921,950	\$ 7,685,521	\$ 2,355,850
Receivables(net)	1,071,553	765,622	1,837,175	4,361
Prepaid items	-	-	-	16,500
Total current assets	<u>3,835,124</u>	<u>5,687,572</u>	<u>9,522,696</u>	<u>2,376,711</u>
Capital assets:				
Land	2,338,730	464,108	2,802,838	-
Equipment and vehicles	1,538,979	1,443,079	2,982,058	3,758,426
Distribution and collection systems	24,855,605	24,809,355	49,664,960	-
Water rights	575,824	-	575,824	-
Construction in progress	2,425,632	3,391,328	5,816,960	-
Less accumulated depreciation	<u>(11,876,547)</u>	<u>(16,369,409)</u>	<u>(28,245,956)</u>	<u>(2,295,778)</u>
Total noncurrent assets	<u>19,858,223</u>	<u>13,738,461</u>	<u>33,596,684</u>	<u>1,462,648</u>
Total assets	<u>23,693,347</u>	<u>19,426,033</u>	<u>43,119,380</u>	<u>3,839,359</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflow of resources - loss on refunding	35,358	19,897	55,255	-
Deferred outflow of resources - pension	<u>384,617</u>	<u>439,562</u>	<u>824,179</u>	<u>-</u>
Total deferred outflow of resources	<u>419,975</u>	<u>459,459</u>	<u>879,434</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	680,306	697,834	1,378,140	104,532
Compensated absences	44,012	44,012	88,024	-
Deposits	204,640	-	204,640	-
Accrued interest	55,443	37,034	92,477	-
Agreements, loans, and certificates due in one year	<u>270,000</u>	<u>325,000</u>	<u>595,000</u>	<u>-</u>
Total current liabilities	<u>1,254,401</u>	<u>1,103,880</u>	<u>2,358,281</u>	<u>104,532</u>
Noncurrent liabilities:				
Certificate of participation	2,660,000	2,960,000	5,620,000	-
USDA Loan	2,362,852	-	2,362,852	-
Advances from other funds	900,000	1,043,446	1,943,446	-
Compensated absences	10,000	10,000	20,000	-
Net pension liability	<u>1,821,257</u>	<u>2,099,036</u>	<u>3,920,293</u>	<u>-</u>
Total noncurrent liabilities	<u>7,754,109</u>	<u>6,112,482</u>	<u>13,866,591</u>	<u>-</u>
Total liabilities	<u>9,008,510</u>	<u>7,216,362</u>	<u>16,224,872</u>	<u>104,532</u>
DEFERRED INFLOW OF RESOURCES				
Deferred inflow of resources - pension	<u>38,768</u>	<u>44,306</u>	<u>83,074</u>	<u>-</u>
Total deferred outflow of resources	<u>38,768</u>	<u>44,306</u>	<u>83,074</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	14,565,371	10,453,461	25,018,832	1,462,648
Unrestricted	<u>500,673</u>	<u>2,171,363</u>	<u>2,672,036</u>	<u>2,272,179</u>
Total net position	<u>\$ 15,066,044</u>	<u>\$ 12,624,824</u>	<u>\$ 27,690,868</u>	<u>\$ 3,734,827</u>

The accompanying notes are an integral part of these financial statements.

City of Calistoga
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2024

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Water	Wastewater	Totals	
OPERATING REVENUES				
Sales of water	\$ 4,687,374	\$ -	\$ 4,687,374	\$ -
Service fees	-	4,309,357	4,309,357	739,290
Miscellaneous	-	5,756	5,756	22,219
Total operating revenues	<u>4,687,374</u>	<u>4,315,113</u>	<u>9,002,487</u>	<u>761,509</u>
OPERATING EXPENSES				
Maintenance and operations	2,950,442	1,092,705	4,043,147	643,114
Employee services	1,686,118	1,653,287	3,339,405	-
Depreciation and amortization	<u>663,719</u>	<u>957,633</u>	<u>1,621,352</u>	<u>366,676</u>
Total operating expenses	<u>5,300,279</u>	<u>3,703,625</u>	<u>9,003,904</u>	<u>1,009,790</u>
Operating income (loss)	<u>(612,905)</u>	<u>611,488</u>	<u>(1,417)</u>	<u>(248,281)</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental revenue	216,827	86,474	303,301	-
Interest and investment revenue	68,305	74,048	142,353	15,635
Interest expense	<u>(171,560)</u>	<u>(129,622)</u>	<u>(301,182)</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>113,572</u>	<u>30,900</u>	<u>144,472</u>	<u>15,635</u>
Income (loss) before contributions and transfers	<u>(499,333)</u>	<u>642,388</u>	<u>143,055</u>	<u>(232,646)</u>
Capital contributions	122,940	109,750	232,690	-
Transfers in	1,047,561	1,200,000	2,247,561	1,072,330
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net contributions and transfers	<u>1,170,501</u>	<u>1,309,750</u>	<u>2,480,251</u>	<u>1,072,330</u>
Change in net position	671,168	1,952,138	2,623,306	839,684
Total net position, July 1	<u>14,394,876</u>	<u>10,672,686</u>	<u>25,067,562</u>	<u>2,895,143</u>
Total net position, June 30	<u>\$ 15,066,044</u>	<u>\$ 12,624,824</u>	<u>\$ 27,690,868</u>	<u>\$ 3,734,827</u>

The accompanying notes are an integral part of these financial statements.

City of Calistoga
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2024

	<u>Enterprise Funds</u>			Governmental Activities-Internal Service Fund
	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 4,536,530	\$ 4,326,465	\$ 8,862,995	\$ -
Payments to suppliers	(1,680,446)	(155,888)	(1,836,334)	(705,653)
Cash received from other funds for services	-	-	-	818,576
Payments to employees for services	(1,245,728)	(1,114,651)	(2,360,379)	-
Other operating receipts	-	5,756	5,756	-
Net cash provided by (used for) operating activities	<u>1,610,356</u>	<u>3,061,682</u>	<u>4,672,038</u>	<u>112,923</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in (out) from other funds	<u>1,047,561</u>	<u>1,200,000</u>	<u>2,247,561</u>	<u>1,072,329</u>
Net cash provided by noncapital financing activities	<u>1,047,561</u>	<u>1,200,000</u>	<u>2,247,561</u>	<u>1,072,329</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions and grants	339,765	196,225	535,990	-
Principal payments on capital debt	(258,000)	(664,920)	(922,920)	-
Interest paid on long-term debt	(173,114)	(128,588)	(301,702)	-
Purchases of capital assets	<u>(837,195)</u>	<u>(2,836,873)</u>	<u>(3,674,068)</u>	<u>-</u>
Net cash provided by (used for) capital and related financing activities	<u>(928,544)</u>	<u>(3,434,156)</u>	<u>(4,362,700)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest receipts	<u>68,305</u>	<u>74,048</u>	<u>142,353</u>	<u>15,635</u>
Net cash provided by investing activities	<u>68,305</u>	<u>74,048</u>	<u>142,353</u>	<u>15,635</u>
Net increase (decrease) in cash and cash equivalents	1,797,678	901,574	2,699,252	1,200,887
Cash and cash equivalents balances - beginning of the year	<u>965,893</u>	<u>4,020,376</u>	<u>4,986,269</u>	<u>1,154,963</u>
Cash and cash equivalents balances-end of the year	<u>\$ 2,763,571</u>	<u>\$ 4,921,950</u>	<u>\$ 7,685,521</u>	<u>\$ 2,355,850</u>

The accompanying notes are an integral part of these financial statements.

City of Calistoga
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	<u>Enterprise Funds</u>			Governmental Activities- Internal Service Fund
	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>	
Reconciliation of operating income (loss) to				
net cash provided by operating activities:				
Operating income (loss)	\$ (612,905)	\$ 611,488	\$ (1,417)	\$ (248,281)
Adjustments to reconcile operating income to				
net cash provided by operating activities:				
Depreciation and amortization expense	663,719	957,633	1,621,352	366,677
Change in assets and liabilities:				
Decrease(increase) in deposits	1,414	-	1,414	-
Decrease(increase) in accounts receivable	(150,844)	17,108	(133,736)	57,067
Increase(decrease) in compensated absences	(31,125)	(31,125)	(62,250)	-
Increase(decrease) in accounts payable	368,582	552,755	921,337	(62,540)
Increase(decrease) in interfund accounts	900,000	384,062	1,284,062	
Increase(decrease) in pension liabilities	471,515	569,761	1,041,276	-
Decrease(increase) in prepayments	-	-	-	-
Net cash provided by (used for)				
operating activities	<u>\$ 1,610,356</u>	<u>\$ 3,061,682</u>	<u>\$ 4,672,038</u>	<u>\$ 112,923</u>
Noncash capital financing activities:				
Amortization of bond loss on refunding	<u>\$ 1,746</u>	<u>\$ 1,034</u>	<u>\$ 2,780</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

City of Calistoga
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2024

	<u>Custodial Fund</u>
ASSETS	
Cash and investments	\$ 79,492
Taxes receivable	<u> 327,838</u>
Total assets	<u><u>\$ 407,330</u></u>
 NET POSITION	
Restricted for other governments	\$ 407,330
Total liabilities	<u><u>\$ 407,330</u></u>

The accompanying notes are an integral part of these financial statements.

City of Calistoga
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Fiscal Year Ended June 30, 2024

	<u>Custodial Fund</u>
ADDITIONS	
Assessment collections for other governments	<u>\$ 290,857</u>
Total revenues	<u>290,857</u>
DEDUCTIONS	
Payments of assessments to other governments	<u>-</u>
Total expenditures	<u>-</u>
Net increase in fiduciary net position	<u>290,857</u>
Net Position, July 1	<u>116,473</u>
Fund balances, June 30	<u><u>\$ 407,330</u></u>

The accompanying notes are an integral part of these financial statements.

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Calistoga (the City) is a municipal corporation governed by an elected five-member City Council. The accompanying financial statements present the government and its component units, entities for which the government is financially accountable.

The Calistoga Public Facilities Corporation (CPFC) is a legally separate entity for which the City is financially accountable, and it is governed by the elected City Council. The CPFC was formed to provide a method of financing public improvements. The financial activities of the CPFC are blended with those of the City and are reported in the City's governmental funds, and as capital assets of the City and debt obligations of the City.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, & Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are *available* when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

Property taxes, sales taxes, transient occupancy taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are measurable and available only when cash is received by the government.

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, & Financial Statement Presentation (concluded)

Non-exchange transactions, in which the City gives or receives value without directly, receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The City reports the following major governmental funds:

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

The *HOME Grant* accounts for resources used for various programs funded partially or entirely by federal grant monies.

The City reports on the following major proprietary funds:

The *Water Fund* accounts for the operations of the City's water treatment and distribution system.

The *Wastewater Fund* accounts for the operation of the City's wastewater treatment plant and collection facilities.

Additionally, the City reports the following fund types:

The *Internal Service Fund* is used to account for the City's general operating equipment and related services provided to other City departments, on a cost reimbursement basis.

The *TBID Fiduciary Fund* is a custodial fund used to account for assets held by the City as an agent for special districts.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and wastewater function and other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for the enterprise and internal service funds include the costs of sales and services, administration costs and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period (s) and so will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period (s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue, a type of deferred inflow of resources, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: taxes receivable, interest on interfund advances and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

E. Deposits and Investments

Credit Risk: The City is authorized by its most recent investment policy to invest in the State of California Local Agency Investment Fund, (LAIF) U.S. Treasury bonds, bills, and notes, obligations issued by US Government agencies, banker's acceptances, repurchase agreements, time deposits, savings, and demand accounts. Additional types of investments including mutual and money market funds are also authorized by long-term debt financing agreements and indentures. The City's cash and cash equivalents are cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the City are reported to be of fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Concentration of Credit Risk: The City limits investments as noted in the table below. As of June 30, 2024, the City's investments were entirely in the Local Agency Investment Fund (State Pool).

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	None	\$75 million
U.S. Treasury Obligations	N/A	None	None
U.S. Government Agency Issues	N/A	None	None
Medium-term Corporate Notes	5 years	30%	None
Insured Passbook on Demand Deposits with Banks and Savings and Loans	N/A	None	\$250,000
Certificates of Deposit	2 years	None	\$250,000
Foreign/Domestic	180 days	40%	None
Mutual Funds (must be comprised of eligible securities permitted under this policy)	N/A	None	None
Money Market Funds (must be comprised of eligible securities permitted under this policy)	N/A	None	None

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. 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 "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

Long-term notes receivable are reported as assets in the governmental funds despite their focus on current financial resources, but they are offset by deferred revenue amounts in the governmental funds until such a time those collections on the notes are realized by the funds.

All trade and property tax receivables are not shown in net of an allowance for uncollectable.

Property taxes are levied as of July 1 on property values assessed as of the prior January 1. State statutes provide that the property tax rate is limited generally to one percent of assessed value, be levied by only the County, and be shared by applicable jurisdictions. The County of Napa collects the taxes and distributes them to taxing jurisdictions based on assessed valuations subject to voter-approved debt. Property taxes are due on November 1 and March 1 and become delinquent on December 10 and April 10. The City receives property taxes pursuant to an arrangement with the County known as the "Teeter Plan." Under the plan, the County assumes responsibility for the collection of delinquent taxes and pays the full allocation to the City. The City recognizes property tax revenues in the fiscal year in which they are due to the City.

G. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed or placed in service. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements under the consumption method.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental-type or business type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (\$50,000 for infrastructure type assets) and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value rather than fair value at the date of donation.

Under the GASB 34 Implementation Rules, the City is a Phase 3 entity and was not required to record infrastructure assets existing or acquired prior to July 1, 2003, at the date these new financial reporting standards were implemented; and the City has not recorded such assets. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend assets' lives are not capitalized.

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets (concluded)

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

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	50
Public domain infrastructure	50
System infrastructure - Utility	50
Vehicles and equipment	5-10

Intangible type assets such as water rights are amortized to expense over the estimated term of the contractual arrangement underlying such rights using a straight-line amortization period of 20 and 50 years.

I. Cash Equivalents

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

Proprietary fund types, cash and investments balances classified as Available for Operations are considered cash equivalents for purposes of the statement of cash flows.

J. Compensated Absences and Other Post-Employment Benefits

It is the government's policy to permit employees to accumulate earned but unused vacation. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, because of employee resignations and retirements. The City accrues each year as a liability in the government-wide financial statements, the long-term portion is recorded in the statement of net position.

K. Long-term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

L. Fund Balances Governmental Funds

Fund balances for governmental funds are reported in classifications based primarily on the extent to which the City is bound to honor constraints about the specific purposes for which amounts in those funds can be spent. These classifications include (1) non-spendable, (2) restricted, (3) committed, (4) assigned and (5) unassigned amounts. Non-spendable amounts generally are items not expected to be readily converted into cash such as inventories, prepaid items, and long-term receivables not offset by deferred revenue accounts.

Restricted amounts include those where constraints placed on the uses of the resources are externally imposed by grantors, contributors, other governments or by laws and regulations.

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Fund Balances Governmental Funds (concluded)

Committed amounts are those that can only be used for a specific purpose as determined by the City Council. Such committed amounts may be redeployed for other uses only by the direction of the City Council. Assigned amounts are fund balance amounts constrained by the City's intent to be used for specific purposes as determined by the City Manager or City's Director of Administrative Services. Unassigned fund balance amounts are the residual amounts reported only in the General Fund or funds having deficit balances.

The City Council by resolution established a policy that delegates to the City Manager or Director of Administrative Services the authority to establish, rescind or modify assigned amounts. Committed amounts may be established, modified, or rescinded by the adoption of a resolution by the City Council.

Fund Balance Flow Assumption

When expenditures are incurred for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, the City considers restricted amounts to have been spent first. When expenditures are incurred for which any class of unrestricted fund balance could be used, the City considers committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

M. Comparative Data

Certain amounts presented in the prior year data have been reclassified to be consistent with the current year's presentation.

N. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as Net Position. Net Position is measured on a full accrual basis as compared to Fund Balance, which is measured on the modified accrual basis. Net Position is the excess of all the City's assets over all its liabilities, regardless of source.

Net Position is divided into three captions and is described as follows:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current netbook value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These are principally debt service requirements. None of the net position is restricted by enabling legislation.

Unrestricted describes the portion of Net Position which does not meet the definition of net investment in capital assets or restricted net position.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

O. Prepayments

Prepaid items represent payments made to vendors for which the benefits are applicable to future accounting periods. Prepaids are recorded using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

P. Estimates and Assumptions

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

Q. Elimination of Interfund Activity

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

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

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statements of net assets. One element of that reconciliation explains that “capital assets are not financial resources and are not reported in the funds.” The details of this \$27,830,028 difference are as follows:

Capital assets	\$ 43,786,249
Less: internal service funds	(3,758,426)
Accumulated depreciation	(16,493,573)
Less: internal service funds accumulated depreciation	<u>2,295,778</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 27,830,028</u>

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (concluded)

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (concluded)

Another element of the reconciliation explains that "long-term liabilities" are not due and payable in the current period and are therefore not reported in the funds. The details of this \$1,791,633 difference are shown below:

Long-term debt obligations and related Interest:	
Capital lease obligations	\$ 1,277,730
Claims	29,319
Compensated absences	<u>484,584</u>
Net adjustment to decrease <i>fund balance - total governmental funds</i>	
to arrive at <i>net position – governmental activities</i>	<u>\$ 1,791,633</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds and proprietary funds. The City is not required to have a capital lease budget.

Appropriations lapse at fiscal year-end. The annual budget sets appropriations by fund or with further allocation by department or program. The legal level of budgetary control (i.e. the level at which expenditure may not legally exceed appropriations) is the fund level.

The City Manager may authorize transfers of budgeted amounts between departments or programs within any fund. The City Manager may increase appropriations by up to \$30,000 for operating expenditures at the department level in any of the funds due to unexpected circumstances. The appropriations are then incorporated into the mid-year or final budget for the fiscal year. The City Council may adopt supplemental appropriations during the year. Encumbrance accounting is not employed in governmental funds. Expenditures exceeded appropriations for the General Fund in the amount of \$4,106,755 for the fiscal year ended June 30, 2024.

The City did not prepare budgets for the Special Revenue Fund HOME Grant.

B. Deficit Fund Equity

For the year ending June 30, 2024, none of the City's Funds had deficit fund balances.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

Statement of Net Position:	
Cash and investments	\$ 31,818,516
Fiduciary funds cash and investments	<u>79,492</u>
Total cash and investments	<u>\$ 31,898,008</u>

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and Investments (continued)

The total cash and investments above include those amounts held by the City in its Fiduciary funds. However, the entity-wide presentation excludes Fiduciary funds totals, as the City is merely acting as an agent for other parties (assessment districts).

Local Agency Investment Fund (LAIF) - The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The City reports its investment in LAIF at the fair value amount provided by LAIF, which on June 30, 2024, was \$78,930 less than the City's cost. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of the City's 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 participates in the State of California, Local Agency Investment Fund investment pool (LAIF). LAIF invests a portion of the pool funds in structured notes and asset-backed securities, which are subject to interest rate risk. The City's current investment policy is designed with the objective of attaining a market rate of return on its' investments consistent with the constraints imposed by the safety objective and cash flow considerations. Yield is to be considered only after the basic requirements of adequate safety and liquidity have been met.

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 custodial credit risk for deposits and 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 requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors.

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy consisting of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, that can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability.

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and Investments (concluded)

The valuation method used for rental properties is the Leased Fee Market method, which is dependent on the income generated from rental properties.

The City did not have any investments subject to the recurring fair value measurements as of June 30, 2024.

B. Receivables

Receivables as of year-end for the government's individual major and non-major funds in the aggregate, net of the applicable allowances for uncollectible accounts is as follows:

	General	CDBG Open and HOME Grant Fund	Internal Service & Nonmajor	Business- Type Funds	Total
Receivables:					
Interest	\$ 129,882	\$ -	\$ 68,483	\$ -	\$ 198,365
Taxes	3,472,998	-	12,275	-	3,485,273
Due from other govmts	346,936	-	484,958	-	831,894
Accounts	23,533	-	-	1,841,536	1,865,069
Notes	-	4,433,141	2,445,768	-	6,878,909
Net total receivables	<u>\$ 3,973,349</u>	<u>\$ 4,433,141</u>	<u>\$ 3,011,484</u>	<u>\$ 1,841,536</u>	<u>\$13,259,510</u>

The notes receivable of \$6,878,909 consists of other loans of \$126,932 including one loan for \$253,877 plus accrued and unpaid interest for the development of low to moderate income apartments, maturing in 2024 and repayable out of residual receipts, and \$622,750 in first-time homebuyer assistance loans secured by 4th deeds of trust and repayable between 30 and 55 years or under certain conditions including sale of the housing unit. CDBG Rehab Loans total \$1,074,810 and are repayable between 2046 and 2049; and HOME grant loans total \$367,398 and are repayable between 2046 and 2049.

In addition, the total notes receivable also includes \$4,433,141, a loan made from the proceeds of a HOME grant funded by a federal grant passed through the State of California. The loan bears interest at 3 percent per annum, matures in 55 years, and is secured by a deed of trust on an affordable housing multi-family complex. The loan is repayable starting the first fiscal year following the first year of the project's operations from and to the extent of available cash flows as defined in the agreement.

The composition of inter-fund transfers of June 30, 2024, is as follows:

	Transfers In	Transfers Out
General Fund	\$ 1,874,250	\$ 5,908,853
Non-major governmental funds	3,288,962	2,574,250
Internal Service Fund	1,072,330	-
Water	1,047,562	-
Waste Water	1,200,000	-
Totals	<u>\$ 8,483,103</u>	<u>\$ 8,483,103</u>

The General Fund transferred out \$778,962 for the West America debt service annual payment. The General Fund also transferred \$5,129,891 to the Water, Wastewater and Infrastructure funds for capital improvements. The Measure T Funds transferred into the Infrastructure and General Fund for capital improvement projects of \$2,574,250.

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

C. Inter-fund Transfers, Receivables, and Payables

The composition of Due to/Due From was:

	Receivable Fund	Payable Fund
General Fund	\$ 1,943,446	\$ -
Measure A	56,286	-
Water CIP	-	900,000
Waste Water	-	1,043,446
Debt Service	-	56,286
Totals	<u>\$ 1,999,732</u>	<u>\$ 1,999,732</u>

Inter-fund balances are presented in the Government-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

Due to/Due From Other Funds

- From the Measure A Fund to the Debt Service Fund to offset negative cash balance.
- From the General Fund to the Wastewater and Water Funds to help fund costs for capital projects.

D. Capital Assets

Governmental-Type Activities

Capital asset activity relating to governmental activities for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 3,668,126	\$ -	\$ -	\$ 3,668,126
Construction in progress	1,201,161	3,188,028	-	4,389,189
Total capital assets, not being depreciated	<u>4,869,287</u>	<u>3,188,028</u>	<u>-</u>	<u>8,057,315</u>
Capital assets, being depreciated				
Buildings	3,909,946	-	-	3,909,946
Improvements	15,867,471	-	-	15,867,471
Machinery and equipment	1,239,597	90,983	-	1,330,580
Equipment – internal service funds	4,797,699	-	1,039,273	3,758,426
Infrastructure	12,834,225	28,286	-	12,862,511
Total capital assets, being depreciated	<u>38,648,938</u>	<u>119,269</u>	<u>1,039,273</u>	<u>37,728,934</u>
Less accumulated depreciation for:				
Buildings	(2,741,814)	(143,364)	-	(2,885,178)
Improvements	(6,714,217)	(774,678)	-	(7,488,895)
Machinery and equipment	(935,577)	(33,280)	-	(968,857)
Equipment – internal service funds	(2,968,375)	(366,676)	(1,039,273)	(2,295,778)
Infrastructure	(2,445,377)	(409,488)	-	(2,854,865)
Total accumulated depreciation	<u>(15,805,360)</u>	<u>(1,727,486)</u>	<u>(1,039,273)</u>	<u>(16,493,573)</u>
Total capital assets, being depreciated, net	<u>22,843,578</u>	<u>(1,608,217)</u>	<u>-</u>	<u>21,235,361</u>
Governmental activities capital assets net	<u>\$27,712,865</u>	<u>\$1,579,811</u>	<u>\$ -</u>	<u>\$ 29,292,676</u>

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

D. Capital Assets (concluded)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 51,825
Public safety	380,047
Community services	147,623
Recreation services	224,573
Public works	<u>923,419</u>
Total depreciation expense - governmental activities	<u>\$ 1,727,487</u>

Business-Type Activities

Capital asset activity relating to business-type activities for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 2,802,838	\$ -	\$ -	\$ 2,802,838
Construction in progress	<u>2,973,069</u>	<u>3,490,281</u>	<u>646,389</u>	<u>5,816,961</u>
Total capital assets, not being depreciated	<u>5,775,907</u>	<u>3,490,281</u>	<u>646,389</u>	<u>8,619,799</u>
Capital assets, being depreciated				
Wastewater collection and treatment	24,659,873	149,381	-	24,809,254
Water rights	1,589,875	-	-	1,589,875
Wastewater treatment/distribution syst.	24,431,913	423,691	-	24,855,604
Equipment - waste water	1,279,979	163,091	-	1,443,070
Equipment - water	<u>1,445,069</u>	<u>93,911</u>	<u>-</u>	<u>1,538,980</u>
Total capital assets, being depreciated	<u>53,406,709</u>	<u>830,074</u>	<u>-</u>	<u>54,236,783</u>
Less accumulated depreciation for:				
Wastewater collection and treatment	(14,290,351)	(904,532)	-	(15,194,883)
Water rights	(965,061)	(48,990)	-	(1,014,051)
Wastewater treatment/distribution syst.	(10,134,014)	(569,745)	-	(10,703,759)
Equipment - waste water	(1,121,426)	(53,099)	-	(1,174,525)
Equipment - water	<u>(1,127,796)</u>	<u>(44,992)</u>	<u>-</u>	<u>(1,172,788)</u>
Total accumulated depreciation	<u>(27,638,648)</u>	<u>(1,621,358)</u>	<u>-</u>	<u>(29,260,006)</u>
Total capital assets, being depreciated, net	<u>25,768,061</u>	<u>(791,284)</u>	<u>-</u>	<u>24,976,777</u>
Business-type activities capital assets net	<u>\$31,543,968</u>	<u>\$ 2,698,997</u>	<u>\$ 646,389</u>	<u>\$33,596,576</u>

Depreciation expense was charged to functions/programs of the City as follows:

Business-type activities:	
Water	\$ 614,729
Water rights	48,990
Waste water	<u>957,633</u>
Total depreciation expense – business-type activities	<u>\$ 1,621,352</u>

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

E. Long-Term Debt

Long-term debt activity for the 2024 fiscal year was as follows:

Governmental Activities:	Beginning Balances	Additions	Deductions	Ending Balances	Due Within One Year
Capital Lease obligation	\$ 1,615,650	\$ -	\$ 337,920	\$ 1,277,730	\$ 345,783
Totals	<u>\$ 1,615,650</u>	<u>\$ -</u>	<u>\$ 337,920</u>	<u>\$ 1,277,730</u>	<u>\$ 345,783</u>

Business-type Activities:	Beginning Balances	Additions	Deductions	Ending Balances	Due Within One Year
State Revolving Fund Loan	\$ 354,920	\$ -	\$ 354,920	\$ -	\$ -
2011 Certificates of Participation	2,510,852	-	73,000	2,437,852	75,000
2018 Certificates of Participation	3,040,000	-	185,000	2,855,000	195,000
2018 Certificates of Participation	<u>3,595,000</u>	<u>-</u>	<u>310,000</u>	<u>3,285,000</u>	<u>325,000</u>
Totals	<u>\$ 9,500,772</u>	<u>\$ -</u>	<u>\$ 922,920</u>	<u>\$ 8,577,852</u>	<u>\$ 595,000</u>

The City typically uses the General Fund, Water, and Wastewater funds to liquidate most of its long-term debt.

Capital Leases – Governmental-type Activities Including Internal Service

In fiscal 2008, the City entered into a capital lease arrangement in an original amount of \$4,674,000 with West-America Bank for the purpose of obtaining financing to make improvements to pool, recreation, fire, and public works facilities. In fiscal year 2016, the City reset the lease to minimize the overall costs of the 2008 lease. The new loan amount is \$3,870,414. Resetting the interest rate on the 2007 Lease generates total savings of approximately \$619,994. Net present value savings are approximately \$517,692 or 13.54%. The lease is payable in monthly installments of between \$24,000 and \$35,700 commencing July 1, 2016, and continuing through February 1, 2028. The lease bears interest at 2.44 percent per annum. The leasing arrangement included a lease between the City of Calistoga and the Calistoga Public Facilities Corporation (CPFC), a blended component unit of the City. The lease receivable and payable between the City and its component unit financing corporation has been eliminated from these financial statements. The City has not pledged any specific revenue source for repayment of the lease but has agreed to appropriate sufficient resources from any source of legally available funds to make the payments.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2024, were as follows:

<u>Period Ending June 30,</u>	Principal	Interest	Total
2025	\$ 345,783	\$ 28,118	\$ 373,901
2026	354,316	19,586	373,902
2027	363,058	10,843	373,901
2028	<u>214,573</u>	<u>2,265</u>	<u>216,838</u>
Total	<u>\$ 1,277,730</u>	<u>\$ 60,812</u>	<u>\$ 1,338,542</u>

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

E. Long-Term Debt (continued)

Water Enterprise

2011 Certificates of Participation

In July 2011, the City entered into an installment purchase agreement with the CPFC for \$3,750,000 wherein the City agreed to make installment payments to the CPFC in exchange for the CPFC obtaining financing to fund water treatment plant improvements by issuing Certificates of Participation.

The United States Department of Agriculture (USDA) provided a \$3,750,000 loan to the CPFC to provide financing for the subject improvements and for the repayment to the City of construction costs and other improvements made by the City's water enterprise. The USDA provided the loan by purchasing the Certificates of Participation referred to above. The installment agreement receivable and payable between the CPFC and the City has been eliminated from these financial statements as the CPFC is a blended component unit of the City, and the \$3,750,000 is reported by the City as long-term debt (the certificates of participation) of the City's water enterprise fund.

Under the arrangements, the City has pledged net revenues of the water enterprise as security for the payment of the Certificates of Participation. The certificates bear interest at 2.5 percent and principal/interest payments are due each January 1 and July 1 through July 1, 2051.

Under the arrangement, the USDA shall fund the purchase price of the certificates from time to time by paying cash advances to the Trustee. Interest shall begin to accrue only upon disbursement of funds by USDA to the Trustee. As of June 30, 2014, the USDA had obligated funding of \$3,750,000, had drawdowns of \$3,203,852 to the City and there was a \$546,148 undisbursed balance on the USDA Loan. The Mount Washington Tank which was funded through the Certificates of Participation has been completed; therefore, the undisbursed balance will not be used by the City.

Final payment on the loan is scheduled for 2049. For fiscal year 2024, Capital Contribution Revenues amounted to \$1,028,552 and operating costs including operating expenses, but not interest or depreciation, amounted to \$3,523,449. Net Revenues available for debt service amounted to \$318,597, which represents 235% of the \$134,659 in debt service. The City made a principal payment of \$71,000 and an interest payment of \$63,659 during the fiscal year so the outstanding receivable of \$2,510,852, which represents the City's liability at June 30, 2024 for the Certificates. Future debt service principal and interest remaining to be paid on the agreement is approximately \$2,510,852. Principal and interest combined on the certificates will require the City to make annual payments which in the aggregate are expected to be from \$69,000 to \$132,000 each fiscal year.

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

E. Long-Term Debt (continued)

Future debt service for water on the Certificates of Participation is:

<u>Period Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 75,000	\$ 60,009	\$ 135,009
2026	77,000	58,109	135,109
2027	79,000	56,159	135,159
2028	80,000	54,171	134,171
2029	82,000	52,146	134,146
2030	85,000	50,059	135,059
2031	87,000	47,909	134,909
2032	89,000	45,709	134,709
2033	91,000	43,459	134,459
2034	93,000	41,159	134,159
2035	96,000	38,796	134,796
2036	98,000	36,371	134,371
2037	101,000	33,884	134,884
2038	103,000	31,334	134,334
2039	106,000	28,721	134,721
2040	108,000	26,046	134,046
2041	111,000	23,309	134,309
2042	114,000	20,496	134,496
2043	117,000	17,609	134,609
2044	120,000	14,646	134,646
2045	123,000	11,609	134,609
2046	126,000	8,496	134,496
2047	129,000	5,309	134,309
2048	132,000	2,046	134,046
2049	15,852	198	16,050
Total	<u>\$ 2,437,852</u>	<u>\$ 807,759</u>	<u>\$ 3,245,611</u>

2018 Certificates of Participation

In May 2018, the City entered into an installment purchase agreement with the CPFC for the refunding of \$3,255,000, an outstanding purchase agreement dated as of November 1, 2005, between the California Statewide Communities Development Authority (CSCDA) and the City, and an installment purchase agreement with the CPFC and USDA for the refunding of \$1,728,556, an outstanding purchase agreement dated as of March 27, 2008, between the USDA and the City of which issuances were for the purpose of financing the costs of certain public facilities constituting a part of the City's water enterprise for improvements by issuing Certificates of Participation in the amount of \$3,905,000.

The obligation of the water enterprise to pay its share of the installment payments will be secured by an irrevocable pledge of the Water's Net Revenues.

Final payment on the loan is scheduled for 2045. The outstanding receivable of \$3,390,000 represents the City's liability at June 30, 2024 for the Certificates. Future debt service principal and interest remaining to be paid on the agreement is approximately \$4,544,903. Principal and interest combined on the certificates will require the City to make annual payments which in the aggregate are expected to be from \$70,000 to \$255,000 each fiscal year.

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

E. Long-Term Debt (continued)

The refinancing of the bonds reduced the debt service interest payments by approximately \$36,739 per year and total debt service savings by \$815,844. This translates into a net present value of \$430,996 and 8.7% net present savings as a percentage of refunded principal. The reacquisition price exceeds the net carrying value for the old debt by \$47,656. There is no defeased debt outstanding as of June 30, 2024.

Future debt service for water on the Certificates of Participation is:

<u>Period Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 195,000	\$ 101,756	\$ 296,756
2026	205,000	91,756	296,756
2027	215,000	81,256	296,256
2028	225,000	71,381	296,381
2029	235,000	62,181	297,181
2030	245,000	53,959	298,959
2031	250,000	46,688	296,688
2032	255,000	39,113	294,113
2033	65,000	34,272	99,272
2034	65,000	32,200	97,200
2035	70,000	30,006	100,006
2036	70,000	27,688	97,688
2037	75,000	25,241	100,241
2038	75,000	22,663	97,663
2039	80,000	19,950	99,950
2040	80,000	17,150	97,150
2041	85,000	14,263	99,263
2042	85,000	11,288	96,288
2043	90,000	8,225	98,225
2044	95,000	4,988	99,988
2045	95,000	1,663	96,663
Total	<u>\$ 2,855,000</u>	<u>\$ 797,684</u>	<u>\$ 3,652,684</u>

Wastewater Enterprise

2018 Certificates of Participation

In May 2018, the City entered into an installment purchase agreement with the CPFC for the refunding of \$2,230,000, an outstanding purchase agreement dated as of August 1, 2001, between the California Statewide Communities Development Authority (CSCDA) and the City, and an installment purchase agreement with the CPFC and USDA for the refunding of \$1,628,700, an outstanding purchase agreement dated as of May 2005, between the USDA and the City.

The issuances were for the purpose of financing the costs of certain public facilities constituting a part of the City's wastewater enterprise for improvements by issuing Certificates of Participation in the amount of \$5,015,000 in May 2018.

The obligation of the wastewater enterprise to pay its share of the installment payments will be secured by an irrevocable pledge of the Wastewater's Net Revenues.

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - DETAILED NOTES ON ALL FUNDS (concluded)

E. Long-Term Debt (concluded)

Final payment on the loan is scheduled for 2043. The outstanding receivable of \$4,175,000 represents the City's liability at June 30, 2024 for the Certificates. Future debt service principal and interest remaining to be paid on the agreement is approximately \$4,678,411. Principal and interest combined on the Certificates will require the City to make annual payments which in the aggregate are expected to be from \$96,663 to \$442,000 each fiscal year.

The refinancing of the bonds reduced the debt service interest payments by approximately \$36,866 per year and total debt service savings by \$695,887. This translates into a net present value of \$380,176 and 8.15% net present savings as a percentage of refunded principal. The reacquisition price exceeds the net carrying value for the old debt by \$27,379. There is no defeased debt outstanding as of June 30, 2024.

Future debt service on the 2018 Certificates of Participation is:

<u>Period Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 325,000	\$ 112,713	\$ 437,713
2026	155,000	100,713	255,713
2027	160,000	92,838	252,838
2028	170,000	85,438	255,438
2029	180,000	78,438	258,438
2030	185,000	72,178	257,178
2031	190,000	66,669	256,669
2032	200,000	60,819	260,819
2033	200,000	54,694	254,694
2034	210,000	48,156	258,156
2035	215,000	41,250	256,250
2036	225,000	33,959	258,959
2037	230,000	26,281	256,281
2038	85,000	20,913	105,913
2039	85,000	17,938	102,938
2040	90,000	14,875	104,875
2041	90,000	11,725	101,725
2042	95,000	8,488	103,488
2043	100,000	5,075	105,075
2044	<u>95,000</u>	<u>1,663</u>	<u>96,663</u>
Total	<u>\$ 3,285,000</u>	<u>\$ 954,823</u>	<u>\$ 4,239,823</u>

Compensated Absences

The City records a liability to recognize the financial effect of unused vacation and other compensated leaves. As of June 30, 2024, the total liability for vacation and other compensated leave is \$591,982. The City typically uses the General Fund, Water, and Wastewater funds to liquidate most of its compensated absences.

Compensated absence activity for the 2024 fiscal year was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental Activities:	\$ 519,397	\$ 131,260	\$ 166,073	\$ 484,584	\$ 121,146
Business-type Activities:	<u>170,274</u>	<u>108,023</u>	<u>170,273</u>	<u>108,024</u>	<u>88,024</u>
Totals	<u>\$ 689,671</u>	<u>\$ 239,283</u>	<u>\$ 336,346</u>	<u>\$ 592,608</u>	<u>\$ 209,170</u>

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 - OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries insurance. The City participates as a member of the Public Agency Risk Sharing Authority of California (PARSAC). The Authority is a joint powers agency providing joint protection programs for public entities.

The Authority provides general liability, workers compensation and property insurance coverage to member entities. Under the liability program, the City has a \$10,000 retention limit, similar to a deductible, with the Authority being responsible for losses above that amount up to \$1 million. The Authority carries purchased excess insurance above that amount to cover losses of up to \$35 million. The City has a \$25,000 deductible for workers compensation claims, and PARSAC covers workers compensation claims up to the first \$475,000 per claim and carries excess commercial insurance above that amount to cover losses of up to \$5 million. Property coverage is commercial insurance jointly purchased with other public entities throughout the State. The commercial coverage is one billion for the collective members with various sub-limits by type of coverage and property.

The City's obligation is to pay annual premiums billed by the Authority. The PARSAC periodically may make retrospective premium adjustments and the City would be required to pay its pro rata share of such adjustments.

Liabilities of the City are reported in the statement of net position for the governmental activities when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claim's liability estimate. Settlements have not exceeded coverage for each of the past three fiscal years except for the contract settlements incurred in Fiscal Year 2020-2021.

Changes in the balance of claims liabilities during the past two years are as follows:

	Year Ended 6/30/22	Year Ended 6/30/23	Year Ended 6/30/24
Unpaid claims, beginning of fiscal year	\$ 15,888	\$ 15,888	\$ 15,888
Claims incurred (including IBNRs)	-	-	-
Claim payments	13,431	13,431	13,431
Unpaid claims, end of fiscal year	<u>\$ 29,319</u>	<u>\$ 29,319</u>	<u>\$ 29,319</u>

B. Contingencies and Commitments

Litigation. The City is involved in litigation incurred in the normal course of conducting City business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grants and allocations. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability for the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 - OTHER INFORMATION (continued)

C. Pension Plans

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plans

Plan Descriptions – All qualified employees are eligible to participate in the City's following cost-sharing multiple-employer defined benefit pension plans (Plans):

- City Miscellaneous (Tier 1)
- City Miscellaneous (Tier 2)
- City Miscellaneous (Tier 3)
- City Safety (Tier 1)
- City Safety (Tier 2)
- City Safety (Tier 3)

The Plans are administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State Statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 55, 57, 60 or 62 depending on the cost-sharing pension plan with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

	City Miscellaneous Plan		
	Tier 1	Tier 2	Tier 3
Hire date	Prior to May 1, 2012	On or after May 1, 2012	On or after January 2, 2013
Benefit formula	2.5% @ 55	2% @ 60	2%@62
Benefit vesting schedule	5 years' service	5 years' service	5 years' service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50-63	50-63	52-67
Monthly benefit, as a % of eligible compensation	1.43% to 2.42%	1.43% to 2.42%	1.0% to 2.5%
Required employee contribution rates	8.0%	7.0%	6.75%
Required employer contribution rates	12.21%	8.63%	7.47%

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 - OTHER INFORMATION (continued)

C. Pension Plans (continued)

	City Safety Plan		
	Tier 1	Tier 2	Tier 3
Hire date	Prior to May 1, 2012	On or after May 1, 2012	On or after January 2, 2013
Benefit formula	3% @ 55	2% @ 55	2% @ 57
Benefit vesting schedule	5 years' service	5 years' service	5 years' service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50-55	50-55	50-57
Monthly benefit, as a % of eligible compensation	3%	2.4% to 3%	2.0% to 2.7%
Required employees contribution rates	9.0%	7.0%	10%
Required employer contribution rates	21.84%	14.74%	10.80%

The City's Miscellaneous and Safety Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employee's Retirement System (CalPERS). PERF C consists of a miscellaneous pool and safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors six rate plans (three miscellaneous and three safety).

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

For the year ended June 30, 2024, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>City Miscellaneous Plan</u>		
	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>
Employer Contributions	\$41,856	\$103,941	\$675,726
	<u>City Safety Plan</u>		
	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>
Employer Contributions	\$66,943	\$217,574	\$424,305

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 - OTHER INFORMATION (continued)

C. Pension Plans (continued)

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

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

	Proportionate Share of Net Pension Liability
City Miscellaneous	\$ 7,689,660
City Safety	5,319,315
Total Net Pension Liability	<u>\$ 13,008,975</u>

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2023, and the total net pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. Pension obligations typically have been liquidated in the General Fund and Proprietary Funds.

The City's proportionate share of the net pension liability for each Plan as of June 30, 2023, and 2024 was as follows:

Proportion - June 30, 2023	0.10322%
Proportion - June 30, 2024	0.10428%
Change – Increase (Decrease)	0.00105%

For the year ended June 30, 2024, the City recognized pension expense of \$2,588,036; 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 after measurement date	\$ 1,530,345	\$ -
Differences between actual and expected experience	783,365	94,371
Changes in assumptions	774,702	-
Net differences between projected and actual earnings on plan investments	1,972,972	-
Change in proportions and differences between actual contributions and proportionate share of contributions	557,743	523,064
Total	<u>\$ 5,619,127</u>	<u>\$ 617,435</u>

\$1,530,345 reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 - OTHER INFORMATION (continued)

C. Pension Plans (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Miscellaneous</u>	<u>Safety</u>
2025	\$ 551,171	\$ 562,830
2026	380,867	381,101
2027	940,591	598,744
2028	35,725	20,318
Total	<u>\$ 1,908,354</u>	<u>\$ 1,562,993</u>

Actuarial Assumptions – For the measurement period ended June 30, 2023, the total pension liabilities were determined by rolling forward the June 30, 2022, total pension liability. The June 30, 2022, and June 30, 2023, total pension liabilities were based on the following actuarial methods and 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%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	6.90% (1)
Mortality	Derived using CalPERS Membership Data for all Funds (2)

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

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience available on CalPERS website.

Change of Assumptions – There were no changes in assumptions for the measurement date June 30, 2023.

Discount Rate – The discount rate used to measure the total pension liability was 6.90 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 6.90 percent discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 6.90 percent is applied to all plans in the Public Employees Retirement Fund including PERF C. The stress test results are presented in a detailed report that can be obtained from CalPERS' website.

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

In determining the long-term expected rate of return, staff considered both short-term and long-term market return expectations as well as the expected pension fund (Public Employee's Retirement Fund) cash flows. Such cash flows were developed if both members and employers would make their required contributions on time and as scheduled in all future years.

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 - OTHER INFORMATION (continued)

C. Pension Plans (concluded)

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 (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10 ^{1,2}</u>
Global equity – cap-weighted	30.00%	4.45%
Global equity – non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	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%

1. An expected inflation of 2.30% was used for this period.
2. Figures are based on the 2021-22 Asset Liability Management study.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -

The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower or 1-percentage point higher than the current rate.

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	5.90%	5.90%
Net Pension Liability	\$11,699,229	\$8,476,367
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$7,689,660	\$5,319,315
1% Increase	7.90%	7.90%
Net Pension Liability	\$4,389,441	\$2,738,200

Expected Average Remaining Service Lives (EARSL) - The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C). The EARSL for PERF C for the measurement period ending June 30, 2023, is 3.8 years, which was obtained by dividing the total service years of 600,538 (the sum of remaining service lifetimes of the active employees) by 160,073 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 - OTHER INFORMATION (continued)

D. Restricted Net Position and Governmental Fund Balances

The \$18,584,692, restricted amount in the governmental activities statement of net position represents amounts to be used only for specific purposes where restrictions are imposed by laws, formal agreements, or other governments. Of the \$18,584,692 for governmental activities, \$11,907,500 is restricted for housing and community development, \$794,876 is restricted for public safety, and \$5,882,316 is for streets and other purposes.

The fund balances of the City's governmental funds are essentially all restricted as to their availability for future uses except for the \$12,733,447 in the General Fund. The \$2,059,185 consists of non-spendable amounts in prepayments and advances to other funds.

E. Post-Employment Benefits Other than Pensions

Plan Description. The City administers the City's retired employees' health care plan, a single employer defined benefit health care plan. The plan provides medical benefits to eligible retired City employees and their beneficiaries. The City provides medical benefits through the CalPERS healthcare program, pursuant to the Public Employees' Medical and Hospital Care (PEMHCA), currently paying \$121.55 for employees retiring directly from the City. For unrepresented retirees with at least 10 years of City service, the City pays an additional portion of the retiree's medical premium. Retirees may also continue the City's dental coverage but are required to pay the full premium if they do so. The City's plan is affiliated with the State of California CalPERS in so far as the City's health insurance premium payments are paid to CalPERS. CalPERS, through an aggregation of single employer plans, pools administrative functions regarding purchases of commercial health care policies and coverages. City regulations and resolutions assign authority to establish and amend plan provisions to the City. Separate financial statements of the Plan are not issued by the City as a separate OPEB Trust, or equivalent arrangement has not been established by the City.

Funding Policy. The contribution requirements of the Plan members and the City are established and may be amended by the City. Current OPEB contributions are equal to the current year's projected pay-as-you-go amounts. The City has not yet done so but may choose to establish an irrevocable OPEB trust and make additional contributions to such trust to prefund benefits as determined annually by the City Council. The medical coverage available to retirees creates both implicit and explicit subsidy liability. An explicit subsidy exists when the employer contributes directly toward the cost of retiree healthcare. An implicit subsidy exists when the premiums charged for retirees' coverage are lower than the expected retiree claims for that coverage. In the CalPERS medical program, the same monthly premiums are charged for active employees and for pre-Medicare retirees, which results in an implicit subsidy of retiree premiums.

The agency's funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. When a plan is "prefunded" sufficiently to project that the plan trust will be sufficient to pay all future benefits, then the discount rate will be equal to the expected earnings on trust assets. If funding is on a pay-as-you-go basis, paying only the required retiree benefits when due, then GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate.

Because the City is currently financing this plan on a pay-as-you-go plan, the discount rate used in the GASB 75 valuation was based on the Fidelity Municipal Bond AA 20-year maturity yield index. As of the beginning and end of the Measurement Period, this index results in discount rates of 1.92% as of June 30, 2023, and 2.45% as of June 30, 2022.

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 - OTHER INFORMATION (continued)

E. Post-Employment Benefits Other than Pensions (continued)

Employees Covered by Benefit Terms. Membership in the Plans consisted of the following at the measurement date of June 30, 2023:

Category	Count
Active plan members:	64
Inactive employees, spouses, or beneficiaries currently receiving benefit payments:	16
Total	<u>80</u>

Net OPEB Liability. The District's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions. The total OPEB liability on the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	3.86 % as of June 30, 2023
Discount Rate	3.69 % as of June 30, 2022
Inflation	3.86%
Aggregate Salary Increases (individual salary increases based on CalPERS)	2.80%
Mortality rates (1)	Based on CalPERS tables
Healthcare cost trend rate	5.3% in the first year, trending down to 3.73 % over 53 years

Discount Rate

The projection of cash flows used to determine the discount rate assumed that the City contribution will pay annual retiree benefits when due but contribute no additional amounts to the plan. The discount rate was set to the Fidelity Municipal Bond AA 20 Year Maturity Yield Index.

The discount rate used to measure the total OPEB Liability was 3.86%. Healthcare cost trend rate was assumed to start at 5.3% (increase effective January 1, 2023) and decreased to 3.73% for years 2075 and thereafter.

Changes in Net OPEB Liability

The Changes in the net OPEB liability for each plan follows:

	<u>2024</u>
Total OPEB Liability	
Service Cost	\$ 122,339
Interest	82,612
Differences Between Expected and Actual Experience	-
Benefit payments, including refunds of employee contributions	(94,338)
Changes of Assumptions	<u>(42,757)</u>
Net change in total OPEB liability	67,856
Total OPEB liability – beginning of year	<u>2,163,221</u>
Total OPEB liability – end of year	<u>\$ 2,231,077</u>

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 - OTHER INFORMATION (continued)

E. Post-Employment Benefits Other than Pensions (continued)

Plan Fiduciary Net Position

Net Investment Income	\$ -
Contributions	
Employer - explicit subsidy	94,338
Employer - implicit subsidy	-
Net Investment Income	-
Benefit Payments, including refunds of employee contributions	(94,338)
Implicit Subsidy Credit	-
Administrative expenses	-
Net Change in plan fiduciary net position	-
Plan fiduciary net position – beginning of year	-
Plan fiduciary net position – end of year	-
 City's net OPEB Liability – end of year	 <u>\$ 2,231,077</u>

OPEB obligations typically have been liquidated in the General Fund.

Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The total and net OPEB liability of the City, as well as what the City's total and net OPEB liability would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher follows:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	2.86%	-1.00%
Net Pension Liability	\$2,501,599	\$1,928,712
Current Discount Rate	3.86%	Current Trend
Net Pension Liability	\$2,231,077	\$2,231,077
1% Increase	4.86%	1.00%
Net Pension Liability	\$2,002,647	\$2,610,399

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the year ended June 30, 2024, the City recognized an OPEB expense of \$72,760. The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 119,831	\$ -
Differences between actual and expected experience	-	346,522
Changes of assumptions	382,599	999,787
Net difference between projected and actual earnings on OPEB plan investments	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-
Total	<u>\$ 502,430</u>	<u>\$ 1,346,309</u>

\$119,831 reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

City of Calistoga
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2024

NOTE 5 - OTHER INFORMATION (concluded)

E. Post-Employment Benefits Other than Pensions (concluded)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ended</u>	
2025	\$ 132,191
2026	132,191
2027	132,191
2028	120,072
2029	<u>102,438</u>
Thereafter	<u>\$ 344,627</u>

NOTE 6 - SUBSEQUENT EVENTS

The City was working with the County of Napa to take ownership of the Napa County Fairgrounds. The cost of the purchase was approximately \$2,000,000. The purchase was finalized in July 2024.

City of Calistoga
Required Supplementary Information
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Fiscal Year Ended June 30, 2024

	<u>Budgeted Amounts</u>			Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Property taxes	\$ 3,304,982	\$ 3,703,142	\$ 4,453,136	\$ 749,994
Sales taxes	1,437,704	1,365,819	1,452,636	86,817
Transient occupancy taxes	11,500,000	11,404,234	11,882,390	478,156
Other taxes	418,342	418,342	523,942	105,600
Licenses and permits	413,563	413,563	384,934	(28,629)
Fines and forfeits	8,100	8,100	19,649	11,549
Intergovernmental	326,000	1,589,000	1,114,213	(474,787)
Interest and rents	25,000	25,000	713,062	688,062
Charges for services	504,200	504,200	1,050,380	546,180
Miscellaneous	-	-	3,641	3,641
Total revenues	<u>17,937,891</u>	<u>19,431,400</u>	<u>21,597,983</u>	<u>2,166,583</u>
EXPENDITURES				
Current:				
General government	3,514,613	4,310,240	3,163,191	1,147,049
Public safety	6,401,041	6,426,726	7,112,613	(685,887)
Community services	379,800	379,800	1,031,312	(651,512)
Recreation services	914,492	914,492	1,677,537	(763,045)
Public works	2,989,555	2,989,555	6,695,814	(3,706,259)
Planning and building	1,094,517	1,094,517	541,618	552,899
Total expenditures	<u>15,294,018</u>	<u>16,115,330</u>	<u>20,222,085</u>	<u>(4,106,755)</u>
Excess (deficiency) of revenues over expenditures	<u>2,643,873</u>	<u>3,316,070</u>	<u>1,375,898</u>	<u>(1,940,172)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	2,116,100	1,874,250	(241,850)
Transfers out	<u>(1,567,613)</u>	<u>(5,051,630)</u>	<u>(5,908,853)</u>	<u>(857,223)</u>
Total other financing sources (uses)	<u>(1,467,613)</u>	<u>(2,935,530)</u>	<u>(4,034,603)</u>	<u>(1,099,073)</u>
Net change in fund balances	<u>\$ 1,176,260</u>	<u>\$ 380,540</u>	<u>(2,658,705)</u>	<u>\$ (3,039,245)</u>
Fund balances, July 1			<u>17,451,337</u>	
Fund balances, June 30			<u>\$ 14,792,632</u>	

City of Calistoga
REQUIRED SUPPLEMENTARY INFORMATION
COST SHARING MULTIPLE-EMPLOYER DEFINED PENSION PLAN*
SCHEDULE OF PLAN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY AND RELATED RATIOS AS OF MEASUREMENT DATE
For the last 10 years

	Miscellaneous Plan									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Plan's proportion of the net pension liability (asset)	0.08222%	0.08695%	0.07903%	1.06514%	0.05875%	0.05353%	0.05486%	0.05973%	0.06180%	0.06164%
Plan's proportion share of the net pension liability (asset)	\$ 5,115,809	\$ 5,968,142	\$ 6,838,433	\$ 6,459,856	\$ 5,661,700	\$ 5,485,683	\$ 5,969,166	\$ 3,230,489	\$ 7,138,943	\$ 7,689,660
Plan's covered payroll	\$ 2,089,714	\$ 5,201,662	\$ 2,067,261	\$ 2,067,261	\$ 2,067,261	\$ 2,067,261	\$ 3,284,369	\$ 3,202,047	\$ 3,650,379	\$ 3,763,102
Plan's proportionate share of the net pension liability/asset as a percentage of the plan's total covered payroll	244.81%	114.74%	330.80%	312.48%	273.87%	265.36%	181.74%	100.89%	195.57%	204.34%
Plan's proportion share of the fiduciary net position as a percentage of the plan's total pension liability	69.77%	66.18%	63.27%	68.93%	74.17%	76.95%	76.46%	87.70%	74.79%	74.06%
	Safety Plan									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Plan's proportion of the net pension liability (asset)	0.06091%	0.05452%	0.05019%	0.04090%	0.03733%	0.03393%	0.03589%	0.03101%	0.04142%	0.04264%
Plan's proportion share of the net pension liability (asset)	\$ 3,789,935	\$ 3,742,364	\$ 4,343,184	\$ 4,055,661	\$ 3,597,524	\$ 3,477,137	\$ 3,904,765	\$ 1,676,968	\$ 4,784,325	\$ 5,319,315
Plan's covered payroll	\$ 1,222,660	\$ 1,222,660	\$ 1,255,089	\$ 1,433,404	\$ 928,947	\$ 1,675,108	\$ 1,675,108	\$ 2,086,845	\$ 2,448,761	\$ 2,810,180
Plan's proportionate share of the net pension liability/asset as a percentage of the plan's total covered payroll	309.97%	306.08%	346.05%	282.94%	387.27%	207.58%	233.11%	80.36%	195.38%	189.29%
Plan's proportion share of the fiduciary net position as a percentage of the plan's total pension liability	67.58%	69.56%	65.06%	70.90%	76.24%	78.74%	77.79%	91.49%	78.18%	76.89%

City of Calistoga
REQUIRED SUPPLEMENTARY INFORMATION
COST SHARING MULTIPLE-EMPLOYER DEFINED PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
For the last 10 years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actuarially determined contribution	\$ 445,033	\$ 568,838	\$ 613,683	\$ 575,753	\$ 618,132	\$ 638,717	\$ 698,316	\$ 797,328	\$ 860,994	\$ 821,523
Contributions in relation to the actuarially determined contributions	<u>(445,033)</u>	<u>(568,838)</u>	<u>(1,693,684)</u>	<u>(1,175,752)</u>	<u>(1,218,132)</u>	<u>(638,717)</u>	<u>(698,316)</u>	<u>(797,328)</u>	<u>(860,994)</u>	<u>(821,523)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,080,001)</u>	<u>\$ (599,999)</u>	<u>\$ (600,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,201,662	\$ 2,067,261	\$ 2,067,261	\$ 2,067,261	\$ 2,067,261	\$ 3,284,369	\$ 3,202,047	\$ 3,650,379	\$ 3,763,102	\$ 3,617,873
Contributions as a percentage of covered payroll	8.55%	27.52%	29.69%	27.85%	29.90%	19.45%	21.81%	21.84%	22.88%	22.71%

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool.

Changes of Assumptions: There were no changes of assumptions.

City of Calistoga
Required Supplementary Information
Cost Sharing Multiple-Employer Defined Pension Plan
Schedule of Contributions
For the last 10 years

	Safety Plan									
	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution	\$ 373,997	\$ 414,105	\$ 456,032	\$ 437,629	\$ 455,717	\$ 491,713	\$ 553,651	\$ 643,766	\$ 706,855	\$ 708,821
Contributions in relation to the actuarially determined contributions	<u>(373,997)</u>	<u>(414,105)</u>	<u>(1,176,032)</u>	<u>(837,629)</u>	<u>(855,717)</u>	<u>(491,713)</u>	<u>(553,651)</u>	<u>(643,766)</u>	<u>(706,855)</u>	<u>(708,821)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (720,000)</u>	<u>\$ (400,000)</u>	<u>\$ (400,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,222,660	\$ 1,255,089	\$ 1,433,404	\$ 928,947	\$ 1,675,108	\$ 1,675,108	\$ 2,086,845	\$ 2,448,761	\$ 2,632,616	\$ 2,810,180
Contributions as a percentage of covered payroll	30.59%	32.99%	31.81%	47.11%	27.21%	29.35%	26.53%	26.29%	26.85%	25.22%

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool.

Changes of Assumptions: There were no changes of assumptions.

City of Calistoga
REQUIRED SUPPLEMENTARY INFORMATION
CHANGE IN THE NET OPEB LIABILITY
For the Fiscal Year Ended June 30, 2024

	Fiscal Year Ending June 30:						
	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability							
Service cost	\$ 197,549	\$ 175,923	\$ 154,218	\$ 178,494	\$ 210,912	\$ 238,561	\$ 122,339
Interest	73,616	87,379	81,914	81,893	66,500	61,089	82,612
Differences between expected and actual experience	-	(220,228)	-	(312,866)	-	(53,002)	-
Benefit payments, included refunds of employee contributions	(72,400)	(71,494)	(61,775)	(75,449)	(72,152)	(61,434)	(94,338)
Change in assumptions	(244,214)	(146,376)	161,790	191,745	229,033	(995,738)	(42,757)
Net change in total OPEB liability	(45,449)	(174,796)	336,147	63,817	434,293	(810,524)	67,856
Total OPEB liability - beginning of year	2,359,733	2,314,284	2,139,488	2,475,635	2,539,452	2,973,745	2,163,221
Total OPEB liability - end of year (a)	<u>\$ 2,314,284</u>	<u>\$ 2,139,488</u>	<u>\$ 2,475,635</u>	<u>\$ 2,539,452</u>	<u>\$ 2,973,745</u>	<u>\$ 2,163,221</u>	<u>\$ 2,231,077</u>
Plan Fiduciary Net Position							
Net investment income							
Contributions							
Employer	\$ -	\$ -	\$ -	\$ -	\$ 72,152	\$ 61,434	\$ 94,338
Benefit payments, included refunds of employee contributions	-	-	-	-	(72,152)	(61,434)	(94,338)
Implicit rate subsidy fulfilled	-	-	-	-	-	-	-
Administrative expense	-	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position - beginning of year	-	-	-	-	-	-	-
Plan fiduciary net position - end of year (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's net OPEB liability - end of year = (a) - (b)	<u>\$ 2,314,284</u>	<u>\$ 2,139,488</u>	<u>\$ 2,475,635</u>	<u>\$ 2,539,452</u>	<u>\$ 2,973,745</u>	<u>\$ 2,163,221</u>	<u>\$ 2,231,077</u>
Plan net OPEB liability as a percentage of the covered employee payroll	59.58%	49.92%	53.08%	47.97%	56.22%	39.78%	60.81%
Covered-employee payroll	\$ 3,884,193	\$ 4,285,509	\$ 4,664,407	\$ 5,294,255	\$ 5,289,383	\$ 5,437,486	\$ 3,668,733

Notes to Schedule:

The City adopted GASB 75 for the fiscal year ending June 30, 2019.

The schedules present information to illustrate changes in the City's changes in the net OPEB liability over a ten year period when the information is available.

City of Calistoga
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

	Special Revenue Funds															
	Gas Tax	ARPA	Infra-structure	Road Maint. & Rehab	Measure T	Parking Ordinance	Admin	Fire	Police	Trans- portation	CDBG Loan Repayment	CDBG Revolving Loan	Palisades Landscape Maint.	Asset Forfeiture	Affordable Housing	Quality of Life
Assets																
Cash and investments	\$ 108,074	\$ 24,380	\$ 2,852,025	\$ 518,358	\$ (171,147)	\$ 132,651	\$ 123,734	\$ 135,096	\$ 127,462	\$ 712,839	\$ 63,187	\$ 695,381	\$ 1,458	\$ 16,564	\$ 3,916,233	\$ 84,003
Receivables:																
Taxes receivables	12,275	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	10,862	281,265	-	-	-	-	-	-	-	350	-	163,919	-
Accrued interest receivable	3,772	5,064	20,188	1,797	484	87	-	334	-	2,179	82	5,409	-	-	16,674	250
Advances to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	-	-	-	380,810	1,074,810	-	-	50,500	-
Total assets	<u>\$ 124,121</u>	<u>\$ 29,444</u>	<u>\$ 2,872,213</u>	<u>\$ 531,017</u>	<u>\$ 110,602</u>	<u>\$ 132,738</u>	<u>\$ 123,734</u>	<u>\$ 135,430</u>	<u>\$ 127,462</u>	<u>\$ 715,018</u>	<u>\$ 444,079</u>	<u>\$ 1,775,600</u>	<u>\$ 1,808</u>	<u>\$ 16,564</u>	<u>\$ 4,147,326</u>	<u>\$ 84,253</u>
Liabilities and Fund Balances																
Liabilities:																
Accounts payable	\$ 3,626	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,149	\$ -	\$ 610	\$ -	\$ -
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>3,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,149</u>	<u>-</u>	<u>610</u>	<u>-</u>	<u>-</u>
Fund balances:																
Restricted for streets	120,495	-	2,872,213	531,017	110,602	132,738	-	-	-	715,018	-	-	1,808	-	-	-
Restricted for parks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted for public safety	-	-	-	-	-	-	-	135,430	127,462	-	-	-	-	15,954	-	-
Restricted for affordable housing	-	-	-	-	-	-	-	-	-	-	444,079	1,752,451	-	-	4,147,326	-
Restricted for facilities	-	29,444	-	-	-	-	123,734	-	-	-	-	-	-	-	-	84,253
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>120,495</u>	<u>29,444</u>	<u>2,872,213</u>	<u>531,017</u>	<u>110,602</u>	<u>132,738</u>	<u>123,734</u>	<u>135,430</u>	<u>127,462</u>	<u>715,018</u>	<u>444,079</u>	<u>1,752,451</u>	<u>1,808</u>	<u>15,954</u>	<u>4,147,326</u>	<u>84,253</u>
Total liabilities and fund balances	<u>\$ 124,121</u>	<u>\$ 29,444</u>	<u>\$ 2,872,213</u>	<u>\$ 531,017</u>	<u>\$ 110,602</u>	<u>\$ 132,738</u>	<u>\$ 123,734</u>	<u>\$ 135,430</u>	<u>\$ 127,462</u>	<u>\$ 715,018</u>	<u>\$ 444,079</u>	<u>\$ 1,775,600</u>	<u>\$ 1,808</u>	<u>\$ 16,564</u>	<u>\$ 4,147,326</u>	<u>\$ 84,253</u>

City of Calistoga
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Special Revenue Funds													CDBG Open Grant Fund	Capital Lease Projects Fund	City Debt Service	Total Nonmajor Governmental Funds
Home	Silverado Landscape Maintenance	Traffic Signal	MTC Street	Measure A	North West Drainage	Recreation Donation	Police Donation	Police Grants	Tree Mitigation	Fire Donation	Mobile Home Park					
Assets																
Cash and investments	\$ 91,291	\$ 6,859	\$ 181,225	\$ 93,988	\$ 660,821	\$ 3,316	\$ 10,592	\$ 12,854	\$ 474,152	\$ 158,115	\$ 26,879	\$ 96,589	\$ -	\$ 37,580	\$ 442,567	\$ 11,637,126
Receivables:																
Taxes receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,275
Due from other governments	-	200	-	-	25,906	-	-	-	-	-	-	-	-	-	2,456	484,958
Accrued interest receivable	133	12	442	4,104	5,189	-	26	-	1,964	48	181	64	-	-	-	68,483
Advances to other funds	-	-	-	-	56,286	-	-	-	-	-	-	-	-	-	-	56,286
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,158	31,158
Notes receivable	367,398	-	-	-	-	-	-	-	-	-	-	-	572,250	-	-	2,445,768
																-
Total assets	<u>\$ 458,822</u>	<u>\$ 7,071</u>	<u>\$ 181,667</u>	<u>\$ 98,092</u>	<u>\$ 748,202</u>	<u>\$ 3,316</u>	<u>\$ 10,618</u>	<u>\$ 12,854</u>	<u>\$ 476,116</u>	<u>\$ 158,163</u>	<u>\$ 27,060</u>	<u>\$ 96,653</u>	<u>\$ 572,250</u>	<u>\$ 37,580</u>	<u>\$ 476,181</u>	<u>\$ 14,736,054</u>
Liabilities and Fund Balances																
Liabilities:																
Accounts payable	\$ -	\$ -	\$ -	\$ 1,470	\$ -	\$ -	\$ -	\$ -	\$ 275	\$ -	\$ -	\$ -	\$ -	\$ -	31,158	\$ 60,288
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56,286	56,286
Deposits	-	-	-	-	-	-	-	-	81,970	-	-	-	-	-	-	81,970
Total liabilities	-	-	-	1,470	-	-	-	-	82,245	-	-	-	-	-	87,444	198,544
Fund balances:																
Restricted for streets	-	7,071	181,667	96,622	748,202	3,316	-	-	75,918	-	-	-	-	-	-	5,596,687
Restricted for parks	-	-	-	-	-	-	10,618	-	-	-	-	-	-	-	-	10,618
Restricted for public safety	-	-	-	-	-	-	12,854	476,116	-	27,060	-	-	-	-	-	794,876
Restricted for affordable housing	458,822	-	-	-	-	-	-	-	-	-	96,653	572,250	-	-	-	7,471,581
Restricted for facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	37,580	-	275,011
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	388,737	388,737
Total fund balances	<u>458,822</u>	<u>7,071</u>	<u>181,667</u>	<u>96,622</u>	<u>748,202</u>	<u>3,316</u>	<u>10,618</u>	<u>12,854</u>	<u>476,116</u>	<u>75,918</u>	<u>27,060</u>	<u>96,653</u>	<u>572,250</u>	<u>37,580</u>	<u>388,737</u>	<u>14,537,510</u>
Total liabilities and fund balances	<u>\$ 458,822</u>	<u>\$ 7,071</u>	<u>\$ 181,667</u>	<u>\$ 98,092</u>	<u>\$ 748,202</u>	<u>\$ 3,316</u>	<u>\$ 10,618</u>	<u>\$ 12,854</u>	<u>\$ 476,116</u>	<u>\$ 158,163</u>	<u>\$ 27,060</u>	<u>\$ 96,653</u>	<u>\$ 572,250</u>	<u>\$ 37,580</u>	<u>\$ 476,181</u>	<u>\$ 14,736,054</u>

City of Calistoga
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2024

	Special Revenue Funds															
	Gas Tax	ARPA	Infra-structure	Road Main-tenance & Rehab	Measure T	Parking Ordinance	Admin-istration	Fire	Police	Trans- portation	CDBG Loan Repayment	CDBG Revolving Loan	Palisades Landscape Main-tenance	Asset Forfeiture	Affordable Housing	Quality of Life
Revenues:																
Intergovernmental	\$ 155,184	\$ -	\$ -	\$ 132,005	\$ 676,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,021,712	\$ -	\$ -	\$ 19,209	\$ -
Charges for services	-	-	-	-	-	-	6,627	5,563	1,493	26,478	-	-	2,121	-	828	5,689
Transient occupancy tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	990,198	-
Interest	3,369	18,154	72,375	6,443	2,550	312	-	1,196	-	7,813	-	19,391	4	-	59,778	896
Miscellaneous	-	-	-	-	-	-	-	-	-	-	28,805	-	-	-	-	-
Total revenues	158,553	18,154	72,375	138,448	679,540	312	6,627	6,759	1,493	34,291	28,805	1,041,103	2,125	-	1,070,013	6,585
Expenditures:																
Current:																
General government	-	-	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	710	-	-
Public works	41,482	-	-	-	-	-	-	-	-	-	-	-	2,084	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	228,951	-	-	593,000	-
Debt service:																
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	41,482	-	20,000	-	-	-	-	-	-	-	-	228,951	2,084	710	593,000	-
Excess (deficiency) of revenues over (under) expenditures	117,071	18,154	52,375	138,448	679,540	312	6,627	6,759	1,493	34,291	28,805	812,152	41	(710)	477,013	6,585
Other financing sources (uses):																
Transfers in	-	-	2,200,000	-	-	-	100,000	-	100,000	-	-	-	-	-	-	110,000
Transfers out	-	(700,000)	-	-	(1,774,250)	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(700,000)	2,200,000	-	(1,774,250)	-	100,000	-	100,000	-	-	-	-	-	-	110,000
Net change in fund balances	117,071	(681,846)	2,252,375	138,448	(1,094,710)	312	106,627	6,759	101,493	34,291	28,805	812,152	41	(710)	477,013	116,585
Fund balances, July 1	3,424	711,290	619,838	392,569	1,205,312	132,426	17,107	128,671	25,969	680,727	415,274	940,299	1,767	16,664	3,670,313	(32,332)
Fund balances, June 30	\$ 120,495	\$ 29,444	\$ 2,872,213	\$ 531,017	\$ 110,602	\$ 132,738	\$ 123,734	\$ 135,430	\$ 127,462	\$ 715,018	\$ 444,079	\$ 1,752,451	\$ 1,808	\$ 15,954	\$ 4,147,326	\$ 84,253

City of Calistoga
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2024

	Special Revenue Funds															
	Home	Silverado Landscape Maintenance	Traffic Signal	MTC Street	Measure A	North West Drainage	Recreation Donations	Police Donation	Police Grants	Tree Mitigation	Fire Donation	Mobile Home Park	CDBG Open Grant Fund	Capital Lease Projects Fund	City Debt Service	Total Nonmajor Govern-mental Funds
Revenues:																
Intergovernmental	\$ -	\$ -	\$ -	71,432	\$ -	\$ -	\$ -	\$ -	\$ 115,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,191,532
Charges for services	-	367	-	-	-	-	-	-	-	-	-	-	-	-	-	49,166
Transient occupancy tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	990,198
Interest	478	35	1,585	-	18,603	-	91	-	7,041	172	648	228	-	3,722	8,804	233,688
Miscellaneous	-	-	-	14,712	-	-	3,901	-	3	580	-	(6,825)	-	-	-	41,176
Total revenues	478	402	1,585	86,144	18,603	-	3,992	-	122,044	752	648	(6,597)	-	3,722	8,804	3,505,760
Expenditures:																
Current:																
General government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,000
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	710
Public works	-	-	-	9,039	-	-	-	-	-	-	-	-	-	-	-	52,605
Housing	-	-	-	-	-	-	-	-	-	-	-	-	646,500	-	-	1,468,451
Debt service:																
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	337,920	337,920
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,981	35,981
Total expenditures	-	-	-	9,039	-	-	-	-	-	-	-	-	646,500	-	373,901	1,915,667
Excess (deficiency) of revenues over (under) expenditures	478	402	1,585	77,105	18,603	-	3,992	-	122,044	752	648	(6,597)	(646,500)	3,722	(365,097)	1,590,093
Other financing sources (uses):																-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	778,962	3,288,962
Transfers out	-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	-	(2,574,250)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(100,000)	-	-	-	-	-	778,962	714,712
Net change in fund balances	478	402	1,585	77,105	18,603	-	3,992	-	22,044	752	648	(6,597)	(646,500)	3,722	413,865	2,304,805
Fund balances, July 1	458,344	6,669	180,082	19,517	729,599	3,316	6,626	12,854	454,072	75,166	26,412	103,250	1,218,750	33,858	(25,128)	12,232,705
Fund balances, June 30	\$ 458,822	\$ 7,071	\$ 181,667	\$ 96,622	\$ 748,202	\$ 3,316	\$ 10,618	\$ 12,854	\$ 476,116	\$ 75,918	\$ 27,060	\$ 96,653	\$ 572,250	\$ 37,580	\$ 388,737	\$ 14,537,510

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

To the Honorable Mayor and
Members of the City Council
City of Calistoga
Calistoga, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Calistoga as of and for the year ending June 30, 2024 and the related notes to the financial statements, which collectively comprise City of Calistoga's basic financial statements, and have issued our report thereon dated December 29, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

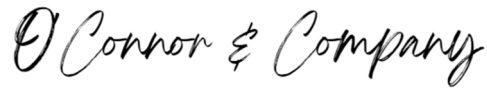
Report on Compliance and Other Matters

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

To the Honorable Mayor and
Members of the City Council
City of Calistoga - Page 2

Purpose of this Report

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

A handwritten signature in black ink that reads "O'Connor & Company". The script is cursive and fluid, with the "O" being particularly large and stylized.

O'Connor & Company

Novato, California
December 29, 2025