

**CITY OF CALISTOGA  
CALISTOGA, CALIFORNIA**

**ANNUAL FINANCIAL REPORT  
JUNE 30, 2023**

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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, 2023, 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, 2023, and the respective changes in financial position and where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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

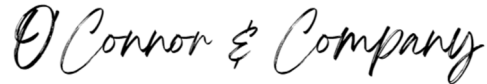
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Calistoga's basic financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required 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 February 11, 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.

O'Connor & Company

Novato, California  
February 11, 2025

City of Calistoga  
STATEMENT OF NET POSITION  
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 23,328,767	\$ 4,986,269	\$ 28,315,036
Net receivables	2,943,372	1,703,439	4,646,811
Prepaid items	1,103,143	-	1,103,143
Total current assets	<u>27,375,282</u>	<u>6,689,708</u>	<u>34,064,990</u>
Noncurrent assets:			
Internal balances	659,384	(659,384)	-
Receivables-long-term	7,749,142	-	7,749,142
Nondepreciable assets	4,869,287	5,775,906	10,645,193
Depreciable assets, net	<u>22,843,578</u>	<u>25,768,062</u>	<u>48,611,640</u>
Total noncurrent assets	<u>36,121,391</u>	<u>30,884,584</u>	<u>67,005,975</u>
Total assets	<u>63,496,673</u>	<u>37,574,292</u>	<u>101,070,965</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - loss of refunding	-	58,035	58,035
Deferred outflows of resources - pension	4,316,755	1,766,653	6,083,408
Deferred outflows of resources - OPEB	<u>433,777</u>	<u>-</u>	<u>433,777</u>
Total deferred outflows of resources	<u>4,750,532</u>	<u>1,824,688</u>	<u>6,575,220</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	612,021	456,803	1,068,824
Compensated absences	363,578	150,274	513,852
Deposits	76,770	203,226	279,996
Accrued interest payable	-	95,777	95,777
Claims and settlements	29,319	-	29,319
Bonds, leases, agreements, notes and certificates due in one year	<u>337,457</u>	<u>922,920</u>	<u>1,260,377</u>
Total current liabilities	<u>1,419,145</u>	<u>1,829,000</u>	<u>3,248,145</u>
Noncurrent liabilities:			
Compensated absences	155,819	20,000	175,819
Bonds, leases, agreements, notes and certificates due in more than one year	1,278,193	8,577,852	9,856,045
Net pension liability	8,347,250	3,576,018	11,923,268
Net OPEB liability	<u>2,163,221</u>	<u>-</u>	<u>2,163,221</u>
Total noncurrent liabilities	<u>11,944,483</u>	<u>12,173,870</u>	<u>24,118,353</u>
Total liabilities	<u>13,363,628</u>	<u>14,002,870</u>	<u>27,366,498</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	781,185	328,547	1,109,732
Deferred inflows of resources - OPEB	<u>1,486,921</u>	<u>-</u>	<u>1,486,921</u>
Total deferred inflows of resources	<u>2,268,106</u>	<u>328,547</u>	<u>2,596,653</u>
<b>NET POSITION</b>			
Net investment in capital assets	26,097,215	22,043,196	48,140,411
Restricted for:			
Streets, recreation, capital projects	4,819,290	-	4,819,290
Public safety	664,645	-	664,645
Housing	11,151,385	-	11,151,385
Unrestricted	<u>9,882,936</u>	<u>3,024,367</u>	<u>12,907,303</u>
Total net position	<u>\$ 52,615,471</u>	<u>\$ 25,067,563</u>	<u>\$ 77,683,034</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, 2023

	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
<b>Functions/Programs</b>							
City government							
Governmental activities:							
General government	\$ 3,097,362	\$ 250,000	\$ -	\$ -	\$ (2,847,362)	\$ -	\$ (2,847,362)
Public safety	7,168,761	682,060	1,414,915	-	(5,071,786)	-	(5,071,786)
Community services	1,264,257	-	75,000	-	(1,189,257)	-	(1,189,257)
Housing	278,766	31,000	40,000	-	(207,766)	-	(207,766)
Recreation services	1,876,703	30,000	35,000	-	(1,811,703)	-	(1,811,703)
Public works	4,826,154	105,000	1,353,724	-	(3,367,430)	-	(3,367,430)
Planning and building	404,356	285,000	150,000	-	30,644	-	30,644
Interest on long-term debt	43,764	-	-	-	(43,764)	-	(43,764)
Total governmental activities	<u>18,960,123</u>	<u>1,383,060</u>	<u>3,068,639</u>	<u>-</u>	<u>(14,508,424)</u>	<u>-</u>	<u>(14,508,424)</u>
Business-Type Activities:							
Water	4,374,450	4,512,340	-	1,028,552	-	1,166,442	1,166,442
Wastewater	3,262,912	4,204,243	-	29,858	-	971,189	971,189
Total business-type activities	<u>7,637,362</u>	<u>8,716,583</u>	<u>-</u>	<u>1,058,410</u>	<u>-</u>	<u>2,137,631</u>	<u>2,137,631</u>
Total City government	<u>\$26,597,485</u>	<u>\$10,099,643</u>	<u>\$ 3,068,639</u>	<u>\$ 1,058,410</u>	<u>(14,508,424)</u>	<u>2,137,631</u>	<u>(12,370,793)</u>
General revenues and transfers							
General revenues:							
Taxes:							
Property taxes					4,023,065	-	4,023,065
Transient occupancy taxes					13,266,455	-	13,266,455
Sales taxes					1,466,859	-	1,466,859
Other taxes					436,361	-	436,361
Unrestricted investment earnings					477,787	36,279	514,066
Other general revenues					295,422	24,730	320,152
Transfers					(45,000)	45,000	-
Total general revenues and transfers					<u>19,920,949</u>	<u>106,009</u>	<u>20,026,958</u>
<b>Change in net position</b>					<u>5,412,525</u>	<u>2,243,640</u>	<u>7,656,165</u>
Net position, beginning					<u>47,202,946</u>	<u>22,823,923</u>	<u>70,026,869</u>
Net position, ending					<u>\$52,615,471</u>	<u>\$25,067,563</u>	<u>\$77,683,034</u>

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

City of Calistoga  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2023

	General Fund	HOME Grant Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$13,833,500	\$ 2,778	\$ 8,337,526	\$ 22,173,804
Taxes receivables	1,657,270	-	-	1,657,270
Accounts receivables	38,003	-	-	38,003
Due from other governments	488,175	-	535,987	1,024,162
Accrued interest receivable	162,040	-	469	162,509
Advances to other funds	659,384	-	88,617	748,001
Prepaid items	1,055,485	-	31,158	1,086,643
Notes receivables	-	4,342,378	3,406,764	7,749,142
Total assets	<u>\$ 17,893,857</u>	<u>\$ 4,345,156</u>	<u>\$ 12,400,521</u>	<u>\$ 34,639,534</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payables	\$ 442,520	\$ -	\$ 2,429	\$ 444,949
Accrued liabilities	-	-	-	-
Advances from other funds	-	-	88,617	88,617
Deposits	-	-	76,770	76,770
Total liabilities	<u>442,520</u>	<u>-</u>	<u>167,816</u>	<u>610,336</u>
Fund balances:				
Nonspendable	1,714,869	-	-	1,714,869
Restricted for capital improvements	-	-	-	-
Restricted for affordable housing	-	4,345,156	6,806,229	11,151,385
Restricted for streets	-	-	4,050,409	4,050,409
Restricted for facilities	-	-	762,255	762,255
Restricted for public safety	-	-	664,645	664,645
Restricted for parks	-	-	6,626	6,626
Unassigned	<u>15,736,468</u>	<u>-</u>	<u>(57,459)</u>	<u>15,679,009</u>
Total fund balances	<u>17,451,337</u>	<u>4,345,156</u>	<u>12,232,705</u>	<u>34,029,198</u>
Total liabilities and fund balances	<u>\$ 17,893,857</u>	<u>\$ 4,345,156</u>	<u>\$ 12,400,521</u>	<u>\$ 34,639,534</u>
Total Governmental Fund Balances				\$ 34,029,198
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				25,883,541
The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position				2,895,143
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.				(2,164,366)
Deferred outflow related to pension				4,316,755
Deferred outflow related to OPEB				433,777
Deferred inflow related to pension				(781,185)
Deferred inflow related to OPEB				(1,486,921)
Net pension liability				(8,347,250)
Net OPEB liability				<u>(2,163,221)</u>
Net Position of Governmental Activities				<u>\$ 52,615,471</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, 2023

	General Fund	HOME Grant Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 4,023,065	\$ -	\$ -	\$ 4,023,065
Sales taxes	1,466,859	-	-	1,466,859
Transient occupancy taxes	12,245,959	-	1,020,496	13,266,455
Other taxes	436,361	-	-	436,361
Licenses and permits	414,129	-	-	414,129
Fines and forfeits	15,006	-	-	15,006
Intergovernmental	1,533,161	-	1,535,478	3,068,639
Interest and rents	314,534	90,764	72,489	477,787
Charges for services	912,299	-	41,626	953,925
Miscellaneous	1,976	-	293,446	295,422
	<u>21,363,349</u>	<u>90,764</u>	<u>2,963,535</u>	<u>24,417,648</u>
Total revenues				
<b>EXPENDITURES</b>				
Current:				
General government	3,053,123	1	-	3,053,124
Public safety	7,019,808	-	1,493	7,021,301
Community services	1,138,244	-	-	1,138,244
Housing	-	-	278,766	278,766
Recreation services	1,685,003	-	-	1,685,003
Public works	3,514,187	-	51,158	3,565,345
Planning and building	404,356	-	-	404,356
Debt service:				
Principal	-	-	361,296	361,296
Interest	-	-	43,764	43,764
	<u>16,814,721</u>	<u>1</u>	<u>736,477</u>	<u>17,551,199</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>4,548,628</u>	<u>90,763</u>	<u>2,227,058</u>	<u>6,866,449</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,749,243	-	1,683,902	3,433,145
Transfers out	(2,937,074)	-	(1,749,243)	(4,686,317)
	<u>(1,187,831)</u>	<u>-</u>	<u>(65,341)</u>	<u>(1,253,172)</u>
Total other financing sources (uses)				
Net change in fund balances	3,360,797	90,763	2,161,717	5,613,277
Fund balances, July 1	<u>14,090,540</u>	<u>4,254,393</u>	<u>10,070,988</u>	<u>28,415,921</u>
Fund balances, June 30	<u>\$ 17,451,337</u>	<u>\$ 4,345,156</u>	<u>\$ 12,232,705</u>	<u>\$ 34,029,198</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, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 5,613,277
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 \$0 exceed depreciation (\$1,296,195).	(1,296,195)
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.	361,296
Accrued interest payable on long-term debt does not require the use of current financial resources and is not reported in the funds until due.	-
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.	34,404
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.	1,126,892
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.	(171,346)
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.	<u>(255,803)</u>
Net differences	<u>(200,752)</u>
Change in Net Position of Governmental Activities	<u>\$ 5,412,525</u>

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

City of Calistoga  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2023

	Enterprise Funds		Total	Governmental Activities- Internal Service Fund
	Water	Wastewater		
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 965,893	\$ 4,020,376	\$ 4,986,269	\$ 1,154,963
Receivables(net)	920,709	782,730	1,703,439	61,428
Prepaid items	-	-	-	16,500
Total current assets	<u>1,886,602</u>	<u>4,803,106</u>	<u>6,689,708</u>	<u>1,232,891</u>
Capital assets:				
Land	2,338,730	464,108	2,802,838	-
Equipment and vehicles	1,445,068	1,279,988	2,725,056	4,797,699
Distribution and collection systems	24,431,913	24,659,873	49,091,786	-
Water rights	1,589,875	-	1,589,875	-
Construction in progress	2,106,040	867,028	2,973,068	-
Less accumulated depreciation	<u>(12,226,879)</u>	<u>(15,411,776)</u>	<u>(27,638,655)</u>	<u>(2,968,375)</u>
Total noncurrent assets	<u>19,684,747</u>	<u>11,859,221</u>	<u>31,543,968</u>	<u>1,829,324</u>
Total assets	<u>21,571,349</u>	<u>16,662,327</u>	<u>38,233,676</u>	<u>3,062,215</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred outflow of resources - loss on refunding	37,104	20,931	58,035	-
Deferred outflow of resources - pension	<u>843,970</u>	<u>922,683</u>	<u>1,766,653</u>	-
Total deferred outflow of resources	<u>881,074</u>	<u>943,614</u>	<u>1,824,688</u>	-
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	311,724	145,079	456,803	167,072
Compensated absences	75,137	75,137	150,274	-
Deposits	203,226	-	203,226	-
Accrued interest	58,743	37,034	95,777	-
Agreements, loans, and certificates due in one year	<u>258,000</u>	<u>664,920</u>	<u>922,920</u>	-
Total current liabilities	<u>906,830</u>	<u>922,170</u>	<u>1,829,000</u>	<u>167,072</u>
Noncurrent liabilities:				
Certificate of participation	2,855,000	3,285,000	6,140,000	-
USDA Loan	2,437,852	-	2,437,852	-
Advances from other funds	-	659,384	659,384	-
Compensated absences	10,000	10,000	20,000	-
Net pension liability	<u>1,690,909</u>	<u>1,885,109</u>	<u>3,576,018</u>	-
Total noncurrent liabilities	<u>6,993,761</u>	<u>5,839,493</u>	<u>12,833,254</u>	-
Total liabilities	<u>7,900,591</u>	<u>6,761,663</u>	<u>14,662,254</u>	<u>167,072</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred inflow of resources - pension	<u>156,954</u>	<u>171,593</u>	<u>328,547</u>	-
Total deferred inflow of resources	<u>156,954</u>	<u>171,593</u>	<u>328,547</u>	-
<b>NET POSITION</b>				
Net investment in capital assets	14,133,895	7,909,301	22,043,196	1,829,324
Unrestricted	<u>260,983</u>	<u>2,763,384</u>	<u>3,024,367</u>	<u>1,065,819</u>
Total net position	<u>\$ 14,394,878</u>	<u>\$ 10,672,685</u>	<u>\$ 25,067,563</u>	<u>\$ 2,895,143</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, 2023

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Water	Wastewater	Totals	
<b>OPERATING REVENUES</b>				
Sales of water	\$ 4,512,340	\$ -	\$ 4,512,340	\$ -
Service fees	-	4,204,243	4,204,243	576,853
Miscellaneous	-	24,730	24,730	-
Total operating revenues	<u>4,512,340</u>	<u>4,228,973</u>	<u>8,741,313</u>	<u>576,853</u>
<b>OPERATING EXPENSES</b>				
Maintenance and operations	2,406,400	959,580	3,365,980	481,122
Employee services	1,117,049	1,206,794	2,323,843	-
Depreciation and amortization	<u>670,294</u>	<u>953,266</u>	<u>1,623,560</u>	<u>178,416</u>
Total operating expenses	<u>4,193,743</u>	<u>3,119,640</u>	<u>7,313,383</u>	<u>659,538</u>
Operating income (loss)	<u>318,597</u>	<u>1,109,333</u>	<u>1,427,930</u>	<u>(82,685)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest and investment revenue	6,379	29,900	36,279	902
Interest expense	<u>(180,707)</u>	<u>(143,272)</u>	<u>(323,979)</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>(174,328)</u>	<u>(113,372)</u>	<u>(287,700)</u>	<u>902</u>
Income (loss) before contributions and transfers	<u>144,269</u>	<u>995,961</u>	<u>1,140,230</u>	<u>(81,783)</u>
Capital contributions	1,028,552	29,858	1,058,410	
Transfers in	45,000	-	45,000	1,208,172
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net contributions and transfers	<u>1,073,552</u>	<u>29,858</u>	<u>1,103,410</u>	<u>1,208,172</u>
Change in net position	1,217,821	1,025,819	2,243,640	1,126,389
Total net position, July 1	<u>13,177,057</u>	<u>9,646,866</u>	<u>22,823,923</u>	<u>1,768,754</u>
Total net position, June 30	<u>\$ 14,394,878</u>	<u>\$ 10,672,685</u>	<u>\$ 25,067,563</u>	<u>\$ 2,895,143</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, 2023

	Enterprise Funds			Governmental Activities- Internal Service Fund
	Water	Wastewater	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 4,277,540	\$ 4,003,420	\$ 8,280,960	\$ -
Payments to suppliers	(2,324,043)	(939,353)	(3,263,396)	(423,541)
Cash received from other funds for services	-	-	-	515,904
Payments to employees for services	(1,125,521)	(1,281,615)	(2,407,136)	-
Other operating receipts	-	24,730	24,730	-
Net cash provided by (used for) operating activities	827,976	1,807,182	2,635,158	92,363
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in (out) from other funds	45,000	-	45,000	1,208,172
Net cash provided by noncapital financing activities	45,000	-	45,000	1,208,172
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions and grants	1,028,552	29,858	1,058,410	-
Principal payments on capital debt	(251,000)	(640,382)	(891,382)	-
Interest paid on long-term debt	(183,261)	(142,238)	(325,499)	-
Purchases of capital assets	(803,395)	(675,716)	(1,479,111)	(513,035)
Net cash provided by (used for) capital and related financing activities	(209,104)	(1,428,478)	(1,637,582)	(513,035)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest receipts	6,379	29,900	36,279	902
Net cash provided by investing activities	6,379	29,900	36,279	902
Net increase (decrease) in cash and cash equivalents	670,251	408,604	1,078,855	788,402
Cash and cash equivalents balances - beginning of the year	295,642	3,611,772	3,907,414	366,561
Cash and cash equivalents balances-end of the year	\$ 965,893	\$ 4,020,376	\$ 4,986,269	\$ 1,154,963

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, 2023

	<u>Enterprise Funds</u>			Governmental Activities- Internal Service Fund
	<u>Water</u>	<u>Wastewater</u>	<u>Totals</u>	
<b>Reconciliation of operating income (loss) to</b>				
net cash provided by operating activities:				
Operating income (loss)	\$ 318,597	\$ 1,109,333	\$ 1,427,930	\$ (82,685)
Adjustments to reconcile operating income to				
net cash provided by operating activities:				
Depreciation and amortization expense	670,294	953,266	1,623,560	178,417
Change in assets and liabilities:				
Decrease(increase) in deposits	566	-	566	-
Decrease(increase) in accounts receivable	(234,800)	(200,823)	(435,623)	(60,949)
Increase(decrease) in compensated absences	1,191	1,191	2,382	-
Increase(decrease) in accounts payable	81,791	20,227	102,018	57,580
Increase(decrease) in pension liabilities	(9,663)	(76,012)	(85,675)	-
Decrease(increase) in prepayments	-	-	-	-
Net cash provided by (used for)				
operating activities	<u>\$ 827,976</u>	<u>\$ 1,807,182</u>	<u>\$ 2,635,158</u>	<u>\$ 92,363</u>
<b>Noncash capital financing activities:</b>				
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, 2023

	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 133,710
Taxes receivable	<u>256,205</u>
Total assets	<u><u>\$ 389,915</u></u>
<b>NET POSITION</b>	
Restricted for other governments	<u>\$ 389,915</u>
Total liabilities	<u><u>\$ 389,915</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, 2023

	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Assessment collections for other governments	<u>\$ 273,529</u>
Total revenues	<u>273,529</u>
<b>DEDUCTIONS</b>	
Payments of assessments to other governments	<u>-</u>
Total expenditures	<u>-</u>
Net increase in fiduciary net position	<u>273,529</u>
Net Position, July 1	<u>116,386</u>
Fund balances, June 30	<u><u>\$ 389,915</u></u>

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

City of Calistoga  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

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 is a legally separate entity for which the City is financially accountable, and it is governed by the elected City Council. The Corporation was formed to provide a method of financing public improvements. The financial activities of the Corporation 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 of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded 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, 2023

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 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, 2023

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, 2023, 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, 2023

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 is 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 be 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, 2023

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. Committed amounts are those that can only be used for a specific purpose as determined by the City Council.

City of Calistoga  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Fund Balances Governmental Funds (concluded)

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 of 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 net book 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, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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 \$25,883,541 difference are as follows:

Capital assets	\$ 43,518,225
Less: internal service funds	(4,797,699)
Accumulated depreciation	(15,805,360)
Less: internal service funds	<u>2,968,375</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 25,883,541</u>

City of Calistoga  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

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 \$2,164,366 difference are shown below:

Long-Term Debt Obligations and Related Interest:	
Capital lease obligations	\$ 1,615,650
Claims	29,319
Compensated absences	<u>519,397</u>
Net adjustment to decrease <i>fund balance - total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 2,164,366</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 expenditures 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 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 \$363,848 for the fiscal year ended June 30, 2023.

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

B. Deficit Fund Equity

For the year ended June 30, 2023 The Quality-of-Life Fund and the City Debt Service Fund had deficit fund balances. This will be funded with future revenues.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

Statement of Net Position:	
Cash and investments	\$ 28,315,036
Fiduciary funds cash and investments	<u>133,710</u>
Total cash and investments	<u>\$ 28,448,746</u>

City of Calistoga  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

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 at June 30, 2023, was \$313,511 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.

Information about the sensitivity of the fair values of the City's investments (including Investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date

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.

City of Calistoga  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and Investments (concluded)

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

The City did not have any investments subject to the recurring fair value measurements as of June 30, 2023.

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	\$ 162,040	\$ -	\$ 469	\$ -	\$ 162,509
Taxes	1,657,270	-	-	-	1,657,270
Due from other gvmts	488,175	-	535,987	-	1,024,162
Accounts	38,003	-	-	1,703,439	1,741,442
Notes	-	<u>4,342,378</u>	<u>3,406,764</u>	-	<u>7,749,142</u>
Net total receivables	<u>\$ 2,345,488</u>	<u>\$ 4,342,378</u>	<u>\$ 3,943,220</u>	<u>\$ 1,703,439</u>	<u>\$12,334,525</u>

The notes receivable of \$7,749,142 consists of other loans of \$111,925 including one loan for \$240,079 plus accrued and unpaid interest for the development of low to moderate income apartments, maturing in 2023 and repayable out of residual receipts, and \$1,849,750 in first-time homebuyer assistance loans secured by 4<sup>th</sup> deeds of trust and repayable between 30 and 55 years or under certain conditions including sale of the housing unit. CDBG Rehab Loans total \$837,611 and are repayable between 2046 and 2049; and HOME grant loans total \$367,399 and are repayable between 2046-2049.

In addition, the total notes receivable also includes \$4,342,378, 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.

City of Calistoga  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

B. Receivables (concluded)

The composition of inter-fund transfers of June 30, 2023, is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,749,243	\$ 2,937,074
Non-major governmental funds	1,683,902	1,749,243
Internal Service Fund	1,208,172	-
Water	45,000	-
Waste Water	-	-
Totals	<u>\$ 4,686,317</u>	<u>\$ 4,686,317</u>

The General Fund transferred out \$373,902 for the West America debt service annual payment. The General Fund also transferred out \$1,310,000 to the ARPA and Infrastructure funds for capital improvements. The Gas Tax Fund, Road Maintenance, Quality of Life Fund, and the Transportation Fund transferred into the General Fund for capital improvement projects of \$272,999.

C. Inter-fund Transfers, Receivables, and Payables

The composition of Due to/Due From was:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	\$ 659,384	\$ -
Affordable Housing	32,331	-
Quality of Life	-	32,331
Measure A	56,286	-
Waste Water	-	659,384
Debt Service	-	56,286
Totals	<u>\$ 748,001</u>	<u>\$ 748,001</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 Affordable Housing Fund to the Quality-of-Life Fund to offset negative cash balance.
- From the Measure A Fund to the Debt Service Fund to offset negative cash balance.
- From the General Fund to the Wastewater Fund to help fund costs for capital projects.

City of Calistoga  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

D. Capital Assets

Governmental-Type Activities

Capital asset activity relating to governmental activities for the year ended June 30, 2023, 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	<u>1,201,161</u>	<u>-</u>	<u>-</u>	<u>1,201,161</u>
Total capital assets, not being depreciated	<u>4,869,287</u>	<u>-</u>	<u>-</u>	<u>4,869,287</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	-	-	1,239,597
Equipment – internal service funds	4,284,162	513,537	-	4,797,699
Infrastructure	<u>12,834,225</u>	<u>-</u>	<u>-</u>	<u>12,834,225</u>
Total capital assets, being depreciated	<u>38,135,401</u>	<u>513,537</u>	<u>-</u>	<u>38,648,938</u>
Less accumulated depreciation for:				
Buildings	(2,625,625)	(116,189)	-	(2,741,814)
Improvements	(3,023,454)	(742,717)	-	(3,766,171)
Machinery and equipment	(903,324)	(32,253)	-	(935,577)
Equipment – internal service funds	(2,789,958)	(178,417)	-	(2,968,375)
Infrastructure	<u>(4,988,387)</u>	<u>(405,036)</u>	<u>-</u>	<u>(5,393,423)</u>
Total accumulated depreciation	<u>(14,330,748)</u>	<u>(1,474,612)</u>	<u>-</u>	<u>(15,805,360)</u>
Total capital assets, being depreciated, net	<u>23,804,653</u>	<u>(961,075)</u>	<u>-</u>	<u>22,843,578</u>
Governmental activities capital assets net	<u>\$28,673,940</u>	<u>\$ (961,075)</u>	<u>\$ -</u>	<u>\$ 27,712,865</u>

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

Governmental activities:	
General government	\$ 44,238
Public safety	147,460
Community services	126,013
Recreation services	191,700
Public works	786,783
Capital assets held by internal service funds	<u>178,417</u>
Total depreciation expense - governmental activities	<u>\$ 1,474,611</u>

Business-Type Activities

Capital asset activity relating to business-type activities for the year ended June 30, 2023, was as follows:

City of Calistoga  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

D. Capital Assets (concluded)

	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>1,560,255</u>	<u>1,412,814</u>	-	<u>2,973,069</u>
Total capital assets, not being depreciated	<u>4,363,093</u>	<u>1,412,814</u>	-	<u>5,775,907</u>
Capital assets, being depreciated				
Wastewater collection and treatment	24,659,873	-	-	24,659,873
Water rights	1,589,875	-	-	1,589,875
Wastewater treatment/distribution syst.	24,431,913	-	-	24,431,913
Equipment - waste water	1,246,839	33,140	-	1,279,979
Equipment - water	<u>1,411,920</u>	<u>33,149</u>	-	<u>1,445,069</u>
Total capital assets, being depreciated	<u>53,340,420</u>	<u>66,289</u>	-	<u>53,406,709</u>
Less accumulated depreciation for:				
Wastewater collection and treatment	(13,399,714)	(890,637)	-	(14,290,351)
Water rights	(916,071)	(48,990)	-	(965,061)
Wastewater treatment/distribution syst.	(9,559,705)	(574,309)	-	(10,134,014)
Equipment - waste water	(1,058,797)	(62,629)	-	(1,121,426)
Equipment - water	<u>(1,080,808)</u>	<u>(46,988)</u>	-	<u>(1,127,796)</u>
Total accumulated depreciation	<u>(26,015,095)</u>	<u>(1,623,553)</u>	-	<u>(27,638,648)</u>
Total capital assets, being depreciated, net	<u>27,325,325</u>	<u>(1,557,264)</u>	-	<u>25,768,061</u>
Business-type activities capital assets net	<u>\$31,688,418</u>	<u>\$ (144,450)</u>	<u>\$ -</u>	<u>\$31,543,968</u>

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

Business-type activities:	
Water	\$ 621,304
Water rights	48,990
Waste water	<u>953,266</u>
Total depreciation expense – business-type activities	<u>\$ 1,623,560</u>

E. Long-Term Debt

Long-term debt activity for the 2023 fiscal year was as follows:

Governmental Activities:	Beginning Balances	Additions	Deductions	Ending Balances	Due Within One Year
Capital Lease obligation	\$ 1,976,946	\$ -	\$ 361,296	\$ 1,615,650	\$ 337,457
Totals	<u>\$ 1,976,946</u>	<u>\$ -</u>	<u>\$ 361,296</u>	<u>\$ 1,615,650</u>	<u>\$ 337,457</u>
Business-type Activities:	Beginning Balances	Additions	Deductions	Ending Balances	Due Within One Year
State Revolving Fund Loan	\$ 700,302	\$ -	\$ 345,382	\$ 354,920	\$ 354,920
2011 Certificates of Participation	2,581,852	-	71,000	2,510,852	73,000
2018 Certificates of Participation	3,220,000	-	180,000	3,040,000	185,000
2018 Certificates of Participation	<u>3,890,000</u>	-	<u>295,000</u>	<u>3,595,000</u>	<u>310,000</u>
Totals	<u>\$10,392,154</u>	<u>\$ -</u>	<u>\$ 891,382</u>	<u>\$ 9,500,772</u>	<u>\$ 922,920</u>

City of Calistoga  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

E. Long-Term Debt (continued)

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, 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, 2023, were as follows:

<u>Period Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 337,457	\$ 36,445	\$ 373,902
2025	345,783	28,118	373,901
2026	354,316	19,586	373,902
2027	363,058	10,843	373,901
2028	215,036	2,265	217,301
Total	<u>\$ 1,615,650</u>	<u>\$ 97,257</u>	<u>\$ 1,712,907</u>

**Water Enterprise**

2011 Certificates of Participation

In July 2011, the City entered into an installment purchase agreement with the Calistoga Public Facilities Financing Corporation for \$3,750,000 wherein the City agreed to make installment payments to the Corporation in exchange for the Corporation 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 Corporation 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 Corporation and the City has been eliminated from these financial statements as the Corporation 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.

City of Calistoga  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

E. Long-Term Debt (continued)

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 2023, 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, 2023 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.

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>
2024	\$ 73,000	\$ 61,859	\$ 134,859
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>\$ 2,510,852</u>	<u>\$ 869,618</u>	<u>\$ 3,380,470</u>

City of Calistoga  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

E. Long-Term Debt (continued)

2018 Certificates of Participation

In May 2018, the City entered into an installment purchase agreement with the Calistoga Public Facilities Financing Corporation (CPFFC) 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 CPFFC 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, 2023 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. 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, 2023.

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>
2024	\$ 185,000	\$ 111,256	\$ 296,256
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>\$ 3,040,000</u>	<u>\$ 908,941</u>	<u>\$ 3,948,941</u>

City of Calistoga  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

E. Long-Term Debt (continued)

**Wastewater Enterprise**

State of California Revolving Fund Loan

The City obtained a \$5,609,999 loan from the State of California Department of Water Resources under the State Revolving Loan Program for the purpose of obtaining financing for construction of the City's wastewater treatment plant. The loan bears interest at 0.00 percent effective March 3, 2015 and is secured by a pledge of the City to maintain dedicated sources of revenue sufficient in amounts to provide for repayment of the loan. The interest rate is suspended and wholly replaced with the AB 2356 Small Community Grant Fund Charge effective March 3, 2015. Principal and grant fund charge on the loan is payable in annual installments due each October 30 through 2023. The Small Community Grant Fund charge is at one and six tenths' percent (1.6%) per annum.

Future debt service for the State of California Revolving fund loan is:

<u>Period Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 354,920	\$ 9,228	\$ 364,148
Total	\$ 354,920	\$ 9,228	\$ 364,148

The annual principal and grant fund charge on the agreement are expected to require 79 percent of current system net revenues as defined. The total grant fund charge and principal remaining to be paid on the agreement is \$354,920. For the fiscal year 2023, Wastewater Fund Revenues amounted to \$4,228,973 and operating costs including operating expenses, but not interest or depreciation, amounted to \$2,166,374. Net Revenues available for debt service amounted to \$1,109,333, which represents 305% of the \$364,148 in debt service. Principal and grant fund charge paid for the current fiscal year and total system net revenues as defined were \$363,590 and \$996,234 (exclusive of \$29,858) in capital contributions), respectively.

2018 Certificates of Participation

In May 2018, the City entered into an installment purchase agreement with the Calistoga Public Facilities Financing Corporation (CPFFC) 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 CPFFC 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.

Final payment on the loan is scheduled for 2043. The outstanding receivable of \$4,175,000 represents the City's liability at June 30, 2023 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.

City of Calistoga  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

NOTE 4 - DETAILED NOTES ON ALL FUNDS (concluded)

E. Long-Term Debt (concluded)

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, 2023.

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>
2024	\$ 310,000	\$ 128,588	\$ 438,588
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	95,000	1,663	96,663
Total	<u>\$ 3,595,000</u>	<u>\$ 1,083,411</u>	<u>\$ 4,678,411</u>

Compensated Absences

The City records a liability to recognize the financial effect of unused vacation and other compensated leaves. As of June 30, 2023, 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 2023 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:	\$ 553,801	\$ 389,398	\$ 423,802	\$ 519,397	\$ 363,578
Business-type Activities:	<u>167,892</u>	<u>131,300</u>	<u>128,918</u>	<u>170,274</u>	<u>150,274</u>
Totals	<u>\$ 721,693</u>	<u>\$ 520,698</u>	<u>\$ 552,720</u>	<u>\$ 689,671</u>	<u>\$ 513,852</u>

City of Calistoga  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

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 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 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 prorata 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 balances of claims liabilities during the past two years are as follows:

	Year Ended 6/30/21	Year Ended 6/30/22	Year Ended 6/30/23
Unpaid claims, beginning of fiscal year	\$ 15,888	\$ 15,888	\$ 15,888
Incurred claims (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 of 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, 2023

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	10.11%	7.2%	6.533%

City of Calistoga  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

NOTE 5 - OTHER INFORMATION (continued)

C. Pension Plans (continued)

	<b>City Safety Plan</b>		
	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>
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 employee contribution rates	9.0%	7.0%	10%
Required employer contribution rates	21.79%	14.81%	11.13%

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, 2023, the contributions recognized as part of pension expense for each Plan were as follows:

	<b>City Miscellaneous Plan</b>		
	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>
Employer Contributions	\$190,532	\$521,089	\$149,373
	<b>City Safety Plan</b>		
	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>
Employer Contributions	\$184,752	\$342,375	\$179,728

City of Calistoga  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

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, 2023, 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	\$ 7,138,943
City Safety	4,784,325
Total Net Pension Liability	<u>\$ 11,923,268</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, 2022, 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, 2021, rolled forward to June 30, 2022, 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, 2022, and 2023 was as follows:

Proportion - June 30, 2022	0.09074%
Proportion - June 30, 2023	0.10322%
Change – Increase (Decrease)	(0.01249) %

For the year ended June 30, 2023, the City recognized pension expense of \$1,738,418; At June 30, 2023, 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	\$ 1,567,849	\$ -
Differences between actual and expected experience	341,370	147,973
Changes in assumptions	1,213,939	-
Net differences between projected and actual earnings on plan investments	2,063,176	-
Change in proportions and differences between actual contributions and proportionate share of contributions	897,074	961,759
Total	<u>\$ 6,083,408</u>	<u>\$ 1,109,732</u>

\$1,567,849 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, 2024.

City of Calistoga  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

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>
2024	\$ 433,296	\$ 480,123
2025	388,289	401,015
2026	219,664	222,756
2027	799,812	460,872
Total	<u>\$ 1,841,061</u>	<u>\$ 1,564,766</u>

*Actuarial Assumptions* – For the measurement period ended June 30, 2022, the total pension liabilities were determined by rolling forward the June 30, 2019, total pension liability. The June 30, 2021, and June 30, 2022, total pension liabilities were based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
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, 2022.

*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 the 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 assuming that 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, 2023

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 <sup>1,2</sup></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% 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	\$10,999,511	\$7,811,691
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$7,138,943	\$4,784,325
1% Increase	7.90%	7.90%
Net Pension Liability	\$3,962,654	\$2,310,137

*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, 2021, is 3.7 years, which was obtained by dividing the total service years of 561,622 (the sum of remaining service lifetimes of the active employees) by 150,648 (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, 2023

NOTE 5 - OTHER INFORMATION (continued)

D. Restricted Net Position and Governmental Fund Balances

The \$16,635,320, 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 \$16,635,320 for governmental activities, \$11,151,385 is restricted for housing and community development, \$664,645 is restricted for public safety, and \$4,819,290 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 \$15,736,468 in the General Fund. The \$1,714,869 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 an 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, 2022, and 2.45% as of June 30, 2021.

City of Calistoga  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

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, 2022:

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, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

*Actuarial Assumptions.* The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	3.69 % as of June 30, 2022
Discount Rate	1.92 % as of June 30, 2021
Inflation	3.69%
Aggregate Salary Increases (individual salary increases based on CalPERS)	2.50%
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 3.69%. Healthcare cost trend rate was assumed to start at 5.3% (increase effective January 1, 2023) and grade down 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>2023</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 238,561
Interest	61,089
Benefit payments, including refunds of employee contributions	(61,434)
Changes of Assumptions	(995,738)
Differences Between Expected and Actual Experience	(53,002)
Change due to change in discount rate	<u>-</u>
Net change in total OPEB liability	(810,524)
Total OPEB liability – beginning of year	<u>2,973,745</u>
Total OPEB liability – end of year	<u>\$ 2,163,221</u>

City of Calistoga  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

NOTE 5 - OTHER INFORMATION (continued)

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

**Plan Fiduciary Net Position**

Net Investment Income	\$ -
Contributions	
Employer - explicit subsidy	61,434
Employer - implicit subsidy	-
Net Investment Income	-
Benefit Payments, including refunds of employee contributions	(61,434)
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** \$ 2,163,221

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	2.69%	-1.00%
Net Pension Liability	\$2,428,753	\$1,886,394
Current Discount Rate	3.69%	Current Trend
Net Pension Liability	\$2,163,221	\$2,163,221
1% Increase	4.69%	1.00%
Net Pension Liability	\$1,939,541	\$2,509,183

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

For the year ended June 30, 2023, the City recognized an OPEB expense of \$171,346. 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	\$ -	\$ -
Differences between actual and expected experience	-	398,638
Changes of assumptions	433,777	1,088,283
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><u>\$ 433,777</u></u>	<u><u>\$ 1,486,921</u></u>

City of Calistoga  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

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>	
2024	\$ (128,304)
2025	(128,304)
2026	(128,304)
2027	(128,304)
2028	(116,185)
Thereafter	<u>\$ (423,743)</u>

NOTE 6 - SUBSEQUENT EVENTS

The City is working with the County of Napa to take ownership of the Napa County Fairgrounds. The estimated costs of the potential purchase are approximately \$2,000,000. The purchase has not been finalized as of December 2024.

City of Calistoga  
Required Supplementary Information  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>REVENUES</b>				
Property taxes	\$ 3,296,266	\$ 3,296,266	\$ 4,023,065	\$ 726,799
Sales taxes	1,466,973	1,466,973	1,466,859	(114)
Transient occupancy taxes	9,600,000	9,600,000	12,245,959	2,645,959
Other taxes	329,896	329,896	436,361	106,465
Licenses and permits	255,000	255,000	414,129	159,129
Fines and forfeits	10,500	10,500	15,006	4,506
Intergovernmental	608,677	608,677	1,533,161	924,484
Interest and rents	32,000	32,000	314,534	282,534
Charges for services	345,500	345,500	912,299	566,799
Miscellaneous	-	-	1,976	1,976
Total revenues	<u>15,944,812</u>	<u>15,944,812</u>	<u>21,363,349</u>	<u>5,418,537</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,588,540	2,588,540	3,053,123	(464,583)
Public safety	6,704,141	6,704,141	7,019,808	(315,667)
Community services	1,108,986	1,133,986	1,138,244	(4,258)
Recreation services	1,563,550	1,563,550	1,685,003	(121,453)
Public works	3,652,782	3,652,782	3,514,187	138,595
Planning and building	807,874	807,874	404,356	403,518
Total expenditures	<u>16,425,873</u>	<u>16,450,873</u>	<u>16,814,721</u>	<u>(363,848)</u>
Excess (deficiency) of revenues over expenditures	<u>(481,061)</u>	<u>(506,061)</u>	<u>4,548,628</u>	<u>5,054,689</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,367,109	1,749,243	382,134
Transfers out	<u>(2,327,074)</u>	<u>(2,327,074)</u>	<u>(2,937,074)</u>	<u>(610,000)</u>
Total other financing sources (uses)	<u>(2,327,074)</u>	<u>(959,965)</u>	<u>(1,187,831)</u>	<u>(227,866)</u>
Net change in fund balances	<u>\$ (2,808,135)</u>	<u>\$ (1,466,026)</u>	<u>3,360,797</u>	<u>\$ 4,826,823</u>
Fund balances, July 1			<u>14,090,540</u>	
Fund balances, June 30			<u>\$ 17,451,337</u>	

City Of Calistoga  
REQUIRED SUPPLEMENTARY INFORMATION  
COST SHARING MULTIPLE-EMPLOYER DEFINED PENSION PLAN - LAST SIX (9) YEARS\*  
SCHEDULE OF PLAN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY AND RELATED RATIOS AS OF MEASUREMENT DATE

	<b>Miscellaneous Plan</b>								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
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%
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
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
Plan's proportionate share of the net pension liability/asset as a percentage of the plan's total pension liability	244.81%	114.74%	330.80%	312.48%	273.87%	265.36%	181.74%	100.89%	195.57%
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%
	<b>Safety Plan</b>								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
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%
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
Plan's covered payroll	1,222,660	1,222,660	1,222,660	1,303,114	1,179,222	1,433,486	1,675,108	2,087,336	2,448,761
Plan's proportionate share of the net pension liability/asset as a percentage of the plan's total pension liability	309.97%	306.08%	355.22%	311.23%	305.08%	242.57%	233.11%	80.34%	195.38%
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%

\*Fiscal year 2014 was the 1st year of implementation.

City of Calistoga  
REQUIRED SUPPLEMENTARY INFORMATION  
COST SHARING MULTIPLE-EMPLOYER DEFINED PENSION PLAN - LAST SEVEN (9 YEARS\*)  
SCHEDULE OF CONTRIBUTIONS

	Miscellaneous Plan								
	Fiscal Year								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 400,634	\$ 445,033	\$ 568,838	\$ 613,683	\$ 575,753	\$ 618,132	\$ 638,717	\$ 698,316	\$ 797,328
Contributions in relation to the									
actuarially determined contributions	(400,634)	(445,033)	(568,838)	(1,693,684)	(1,175,752)	(1,218,132)	(638,717)	(698,316)	(797,328)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,080,001)</u>	<u>\$ (599,999)</u>	<u>\$ (600,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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
Contributions as a percentage									
of covered payroll	19.17%	8.58%	27.52%	81.93%	56.87%	58.92%	19.45%	21.81%	21.84%

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 - Last six (9 years\*)  
Schedule of Contributions

	Safety Plan								
	Fiscal Year								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 351,214	\$ 373,997	\$ 414,105	\$ 456,032	\$ 437,629	\$ 455,717	\$ 491,713	\$ 553,651	\$ 643,766
Contributions in relation to the actuarially determined contributions	<u>(351,214)</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (720,000)</u>	<u>\$ (400,000)</u>	<u>\$ (400,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,222,660	\$ 1,222,660	\$ 1,303,114	\$ 1,179,222	\$ 1,433,486	\$ 1,654,613	\$ 1,675,108	\$ 2,087,336	\$ 2,448,761
Contributions as a percentage of covered payroll	28.73%	30.59%	31.78%	98.73%	58.43%	51.72%	29.35%	26.52%	26.29%

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.

\*Fiscal year 2014 was the 1st year of implementation.

City of Calistoga  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**CHANGE IN THE NET OPEB LIABILITY**  
For the Fiscal Year Ended June 30, 2023

	Fiscal Year Ending June 30:					
	2018	2019	2020	2021	2022	2023
<b>Total OPEB Liability</b>						
Service cost	\$ 197,549	\$ 175,923	\$ 154,218	\$ 178,494	\$ 210,912	\$ 238,561
Interest	73,616	87,379	81,914	81,893	66,500	61,089
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)
Change in assumptions	(244,214)	(146,376)	161,790	191,745	229,033	(995,738)
<b>Net change in total OPEB liability</b>	<b>(45,449)</b>	<b>(174,796)</b>	<b>336,147</b>	<b>63,817</b>	<b>434,293</b>	<b>(810,524)</b>
<b>Total OPEB liability - beginning of year</b>	<b>2,359,733</b>	<b>2,314,284</b>	<b>2,139,488</b>	<b>2,475,635</b>	<b>2,539,452</b>	<b>2,973,745</b>
<b>Total OPEB liability - end of year (a)</b>	<b>\$ 2,314,284</b>	<b>\$ 2,139,488</b>	<b>\$ 2,475,635</b>	<b>\$ 2,539,452</b>	<b>\$ 2,973,745</b>	<b>\$ 2,163,221</b>
<b>Plan Fiduciary Net Position</b>						
Net investment income						
Contributions						
Employer	\$ -	\$ -	\$ -	\$ -	\$ 72,152	\$ 61,434
Benefit payments, included refunds of employee contributions	-	-	-	-	(72,152)	(61,434)
Implicit rate subsidy fulfilled	-	-	-	-	-	-
Administrative expense	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position - end of year (b)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>City's net OPEB liability - end of year = (a) - (b)</b>	<b>\$ 2,314,284</b>	<b>\$ 2,139,488</b>	<b>\$ 2,475,635</b>	<b>\$ 2,539,452</b>	<b>\$ 2,973,745</b>	<b>\$ 2,163,221</b>
<b>Plan net OPEB liability as a percentage of the covered employee payroll</b>	<b>59.58%</b>	<b>49.92%</b>	<b>53.08%</b>	<b>47.97%</b>	<b>56.22%</b>	<b>35.47%</b>
<b>Covered-employee payroll</b>	<b>\$ 3,884,193</b>	<b>\$ 4,285,509</b>	<b>\$ 4,664,407</b>	<b>\$ 5,294,255</b>	<b>\$ 5,289,383</b>	<b>\$ 6,099,140</b>

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, 2023

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
<b>Assets</b>																
Cash and investments	\$ 3,424	\$ 711,290	\$ 619,838	\$ 382,118	\$ 921,749	\$ 132,426	\$ 17,107	\$ 128,671	\$ 25,969	\$ 680,727	\$ 63,187	\$ 103,188	\$ 1,732	\$ 16,664	\$ 2,878,379	\$ -
Receivables:																
Receivables from other governments	-	-	-	10,451	283,175	-	-	-	-	-	-	-	35	-	128,103	-
Accrued interest receivable	-	-	-	-	387	-	-	-	-	-	82	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32,331	-
Prepaid items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	-	-	-	-	-	352,005	837,611	-	-	631,500	-
<b>Total assets</b>	<b>\$ 3,424</b>	<b>\$ 711,290</b>	<b>\$ 619,838</b>	<b>\$ 392,569</b>	<b>\$ 1,205,311</b>	<b>\$ 132,426</b>	<b>\$ 17,107</b>	<b>\$ 128,671</b>	<b>\$ 25,969</b>	<b>\$ 680,727</b>	<b>\$ 415,274</b>	<b>\$ 940,799</b>	<b>\$ 1,767</b>	<b>\$ 16,664</b>	<b>\$ 3,670,313</b>	<b>\$ -</b>
<b>Liabilities and Fund Balances</b>																
Liabilities:																
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32,331
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,331</b>
Fund balances:																
Restricted for streets	3,424	-	619,838	392,569	1,205,311	132,426	-	-	-	680,727	-	-	1,767	-	-	-
Restricted for parks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted for public safety	-	-	-	-	-	-	-	128,671	25,969	-	-	-	-	16,664	-	-
Restricted for affordable housing	-	-	-	-	-	-	-	-	-	-	415,274	940,799	-	-	3,670,313	-
Restricted for facilities	-	711,290	-	-	-	-	17,107	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(32,331)
<b>Total fund balances</b>	<b>3,424</b>	<b>711,290</b>	<b>619,838</b>	<b>392,569</b>	<b>1,205,311</b>	<b>132,426</b>	<b>17,107</b>	<b>128,671</b>	<b>25,969</b>	<b>680,727</b>	<b>415,274</b>	<b>940,799</b>	<b>1,767</b>	<b>16,664</b>	<b>3,670,313</b>	<b>(32,331)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,424</b>	<b>\$ 711,290</b>	<b>\$ 619,838</b>	<b>\$ 392,569</b>	<b>\$ 1,205,311</b>	<b>\$ 132,426</b>	<b>\$ 17,107</b>	<b>\$ 128,671</b>	<b>\$ 25,969</b>	<b>\$ 680,727</b>	<b>\$ 415,274</b>	<b>\$ 940,799</b>	<b>\$ 1,767</b>	<b>\$ 16,664</b>	<b>\$ 3,670,313</b>	<b>\$ -</b>

City of Calistoga  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2023

	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				
<b>Assets</b>																
Cash and investments	\$ 90,946	\$ 6,635	\$ 180,082	\$ 14,890	\$ 660,821	\$ 3,316	\$ 6,626	\$ 12,854	\$ 359,432	\$ 151,936	\$ 26,412	\$ 103,249	\$ -	\$ 33,858	\$ -	\$ 8,337,526
Receivables:																
Receivables from other governments	-	33	-	7,056	12,491	-	-	-	94,643	-	-	-	-	-	-	535,987
Accrued interest receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	469
Advances to other funds	-	-	-	-	56,286	-	-	-	-	-	-	-	-	-	-	88,617
Prepayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,158	31,158
Notes receivable	367,398	-	-	-	-	-	-	-	-	-	-	-	1,218,250	-	-	3,406,764
Total assets	<u>\$ 458,344</u>	<u>\$ 6,668</u>	<u>\$ 180,082</u>	<u>\$ 21,946</u>	<u>\$ 729,598</u>	<u>\$ 3,316</u>	<u>\$ 6,626</u>	<u>\$ 12,854</u>	<u>\$ 454,075</u>	<u>\$ 151,936</u>	<u>\$ 26,412</u>	<u>\$ 103,249</u>	<u>\$ 1,218,250</u>	<u>\$ 33,858</u>	<u>\$ 31,158</u>	<u>\$ 12,400,521</u>
<b>Liabilities and Fund Balances</b>																
Liabilities:																
Accounts payable	\$ -	\$ -	\$ -	\$ 2,429	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2,429
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	56,286	88,617
Deposits	-	-	-	-	-	-	-	-	-	76,770	-	-	-	-	-	76,770
Total liabilities	-	-	-	2,429	-	-	-	-	-	76,770	-	-	-	-	56,286	167,816
Fund balances:																
Restricted for streets	-	6,668	180,082	19,517	729,598	3,316	-	-	-	75,166	-	-	-	-	-	4,050,409
Restricted for parks	-	-	-	-	-	-	6,626	-	-	-	-	-	-	-	-	6,626
Restricted for public safety	-	-	-	-	-	-	-	12,854	454,075	-	26,412	-	-	-	-	664,645
Restricted for affordable housing	458,344	-	-	-	-	-	-	-	-	-	-	103,249	1,218,250	-	-	6,806,229
Restricted for facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	33,858	-	762,255
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(25,128)	(57,459)
Total fund balances	<u>458,344</u>	<u>6,668</u>	<u>180,082</u>	<u>19,517</u>	<u>729,598</u>	<u>3,316</u>	<u>6,626</u>	<u>12,854</u>	<u>454,075</u>	<u>75,166</u>	<u>26,412</u>	<u>103,249</u>	<u>1,218,250</u>	<u>33,858</u>	<u>(25,128)</u>	<u>12,232,705</u>
Total liabilities and fund balances	<u>\$ 458,344</u>	<u>\$ 6,668</u>	<u>\$ 180,082</u>	<u>\$ 21,946</u>	<u>\$ 729,598</u>	<u>\$ 3,316</u>	<u>\$ 6,626</u>	<u>\$ 12,854</u>	<u>\$ 454,075</u>	<u>\$ 151,936</u>	<u>\$ 26,412</u>	<u>\$ 103,249</u>	<u>\$ 1,218,250</u>	<u>\$ 33,858</u>	<u>\$ 31,158</u>	<u>\$ 12,400,521</u>

City of Calistoga  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2023

	Special Revenue Funds															
	Gas Tax	ARPA	Infra-structure	Road Maintenance & Rehab	Measure T	Parking Ordinance	Admin-istration	Fire	Police	Trans- portation	CDBG Loan Repayment	CDBG Revolving Loan	Palisades Landscape Maintenance	Asset Forfeiture	Affordable Housing	Quality of Life
Revenues:																
Intergovernmental	\$ 125,506	\$ -	\$ -	\$ 106,498	\$ 818,360	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-	1,809	1,524	405	6,641	-	-	1,540	-	901	4,176
Transient occupancy tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,020,496	-
Interest	400	11,290	9,838	1,879	1,211	191	-	652	-	4,417	-	-	3	-	21,615	464
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	255,336	-	-	-	-
Total revenues	125,906	11,290	9,838	108,377	819,571	191	1,809	2,176	405	11,058	-	255,336	1,543	-	1,043,012	4,640
Expenditures:																
Current:																
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	1,493	-	-
Public works	37,640	-	-	-	-	-	-	-	-	-	-	-	1,554	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	82,515	-	-	195,500	-
Debt service:																
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	37,640	-	-	-	-	-	-	-	-	-	-	82,515	1,554	1,493	195,500	-
Excess (deficiency) of revenues over (under) expenditures	88,266	11,290	9,838	108,377	819,571	191	1,809	2,176	405	11,058	-	172,821	(11)	(1,493)	847,512	4,640
Other financing sources (uses):																
Transfers in	-	700,000	610,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(95,000)	-	-	(25,000)	(1,137,134)	-	(100,000)	-	(100,000)	(42,999)	-	-	-	-	-	(110,000)
Total other financing sources (uses)	(95,000)	700,000	610,000	(25,000)	(1,137,134)	-	(100,000)	-	(100,000)	(42,999)	-	-	-	-	-	(110,000)
Net change in fund balances	(6,734)	711,290	619,838	83,377	(317,563)	191	(98,191)	2,176	(99,595)	(31,941)	-	172,821	(11)	(1,493)	847,512	(105,360)
Fund balances, July 1	10,158	-	-	309,192	1,522,874	132,235	115,298	126,495	125,564	712,668	415,274	767,978	1,778	18,157	2,822,801	73,029
Fund balances, June 30	\$ 3,424	\$ 711,290	\$ 619,838	\$ 392,569	\$ 1,205,311	\$ 132,426	\$ 17,107	\$ 128,671	\$ 25,969	\$ 680,727	\$ 415,274	\$ 940,799	\$ 1,767	\$ 16,664	\$ 3,670,313	\$ (32,331)

City of Calistoga  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended June 30, 2023

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	\$ -	\$ -	\$ -	225,200	\$ -	\$ -	\$ -	\$ -	\$ 259,914	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,535,478
Charges for services	-	1,000	-	-	-	-	-	-	-	-	-	23,630	-	-	-	41,626
Transient occupancy tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,020,496
Interest	296	17	982	-	11,554	-	-	-	991	6	403	250	-	-	6,030	72,489
Miscellaneous	-	-	-	8,045	-	-	4,705	-	-	270	25,000	72	-	18	-	293,446
Total revenues	296	1,017	982	233,245	11,554	-	4,705	-	260,905	276	25,403	23,952	-	18	6,030	2,963,535
Expenditures:																
Current:																
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,493
Public works	-	50	-	11,914	-	-	-	-	-	-	-	-	-	-	-	51,158
Housing	51	-	-	700	-	-	-	-	-	-	-	-	-	-	-	278,766
Debt service:																
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	361,296	361,296
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43,764	43,764
Total expenditures	51	50	-	12,614	-	-	-	-	-	-	-	-	-	-	405,060	736,477
Excess (deficiency) of revenues over (under) expenditures	245	967	982	220,631	11,554	-	4,705	-	260,905	276	25,403	23,952	-	18	(399,030)	2,227,058
Other financing sources (uses):																-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	373,902	1,683,902
Transfers out	-	-	-	-	-	-	(6,000)	-	(125,000)	-	-	(8,110)	-	-	-	(1,749,243)
Total other financing sources (uses)	-	-	-	-	-	-	(6,000)	-	(125,000)	-	-	(8,110)	-	-	373,902	(65,341)
Net change in fund balances	245	967	982	220,631	11,554	-	(1,295)	-	135,905	276	25,403	15,842	-	18	(25,128)	2,161,717
Fund balances, July 1	458,099	5,701	179,100	(201,114)	718,044	3,316	7,921	12,854	318,170	74,890	1,009	87,407	1,218,250	33,840	-	10,070,988
Fund balances, June 30	\$ 458,344	\$ 6,668	\$ 180,082	\$ 19,517	\$ 729,598	\$ 3,316	\$ 6,626	\$ 12,854	\$ 454,075	\$ 75,166	\$ 26,412	\$ 103,249	\$ 1,218,250	\$ 33,858	\$ (25,128)	\$ 12,232,705

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, 2023 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 February 11, 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.

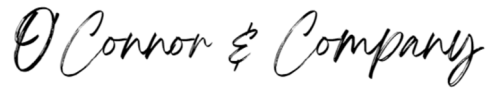
Report on Compliance and Other Matters

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 elegant, with the "O" being particularly large and stylized.

O'Connor & Company

Novato, California  
February 11, 2025