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12/11/24

SELMA-KINGSBURG-FOWLER
COUNTY SANITATION DISTRICT

REPORT ON AUDITED
FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Selma-Kingsburg-Fowler County Sanitation District
Kingsburg, California

Report on the Financial Statements

We have audited the accompanying statement of net position of Selma-Kingsburg-Fowler County Sanitation District (the District) as of June 30, 2024 and 2023, and the related statement of revenues, expenses, and changes in net position and cash flows for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Selma-Kingsburg-Fowler County Sanitation District, as of June 30, 2024 and 2023, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's office and state regulations governing special districts.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. 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 District 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and the State Controller's Minimum Audit Requirements for California Special Districts will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and the State Controller's Minimum Audit Requirements for California Special Districts, 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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.

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Additional Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The additional information section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on this information.

Sampson & Sampson, LLP

Clovis, California
, 2024

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2024

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INTRODUCTION

This discussion and analysis of Selma-Kingsburg-Fowler County Sanitation District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. It should be read in conjunction with the District's financial statements, which follow this section.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999; and GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Omnibus*, an amendment to GASB Statement No. 21 and No. 34, issued in June 2001.

FINANCIAL HIGHLIGHTS

- Total Net Positions were \$44,215,264, \$43,619,115 and \$39,162,965 at June 30, 2024, 2023 and 2022, respectively. The amount on June 30, 2024 included investment in capital assets, primarily property, plant and equipment, with a net book value of \$36,307,653.
- For the year ending June 30, 2024, overall revenues were \$13,004,890, which was more than overall expenditures of \$12,408,741 and resulted in an increase in net position of \$596,149. For the year ending June 30, 2023, overall revenues were \$11,953,025, which was more than overall expenditures of \$7,496,875 and resulted in an increase in net position of \$4,456,150. For the year ending June 30, 2022, overall revenues were \$12,325,522, which was more than overall expenditures of \$10,840,859 and resulted in an increase in net position of \$1,484,663. These were on the accrual basis and therefore included depreciation and capitalization of new assets.
- The District spent \$1,306,785 for the acquisition and construction of capital assets during the current year.
- The District transferred \$1,838,155 and \$1,000,000 in 2024 and 2023 respectively from the Operation and Maintenance sub-fund to the District sub-fund for future refurbishment or replacement of capital facilities in the treatment plant or interceptor systems.

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2024

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OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of four parts – Management’s Discussion and Analysis (this section), the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows. The four sections together provide a comprehensive overview of the District. The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District’s assets and liabilities. The Statement of Revenues, Expenses, and Changes in Net Position includes District’s revenues and operating expenses. These two statements report the District’s Net Position and how they have changed. Net Position, the difference between the assets and liabilities, is one way to measure the District’s financial health or Position.

- Over time, increases or decreases in the District’s Net Position may be an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as, community growth rates and the condition of facilities.

The Statement of Cash Flows

The Statement of Cash Flows presents the changes in the District’s cash and cash equivalents during the fiscal year. The statement is prepared using the direct method of cash flows. The statement details the sources and uses of the District’s cash and cash equivalents into three categories: operating, capital and related financing, and investing activities.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District’s combined Net Position were \$44,215,264, \$43,619,115 and \$39,162,965 at June 30, 2024, 2023 and 2022, respectively.

**SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

JUNE 30, 2024

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**Table 1
Net Position**

	Business-Type Activities			Total Percentage Change
	2024	2023	2022	2024-2023
Assets				
Cash – Unrestricted	\$ 19,862,066	\$ 18,136,218	\$ 15,415,493	9.52%
Cash – Restricted	5,694,576	5,404,044	4,848,781	5.38%
Accounts Receivable	655,746	904,487	1,008,462	-27.50%
Interest Receivable	182,813	157,769	68,852	15.87%
Annuitants Receivable	65,274			
CREB Subsidy	63,977	68,158	72,249	-6.13%
Lease Receivable	39,451	38,303	37,187	3.00%
Prepaid Expenses	64,342	68,626	68,911	-6.24%
Other Assets	3,901	5,123		-23.85%
Capital assets	36,307,653	37,637,288	38,964,430	-3.53%
Right to Use Leased Asset, Net of Accumulated Amortization	22,601	2,353	9,412	860.52%
Connection Fee Receivable	4,062	5,922	7,677	-31.41%
Reimbursement Agreements Receivable	71,546	69,694	138,580	2.66%
Net OPEB Asset	450,740	119,592	236,412	276.90%
Lease Receivable	<u>774,195</u>	<u>813,646</u>	<u>851,949</u>	<u>-4.85%</u>
TOTAL ASSETS	<u>64,262,943</u>	<u>63,431,223</u>	<u>61,728,395</u>	<u>1.31%</u>
Deferred Outflow of Resources:				
Related to Pension	2,810,037	2,864,592	1,110,989	-1.90%
Related to OPEB	<u>321,882</u>	<u>323,148</u>	<u>189,809</u>	<u>-0.39%</u>
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>3,131,919</u>	<u>3,187,740</u>	<u>1,300,798</u>	<u>-1.75%</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 67,394,862</u>	<u>\$ 66,618,963</u>	<u>\$ 63,029,193</u>	<u>1.16 %</u>
Liabilities				
Accounts Payable	335,140	497,232	315,564	-32.60%
Franchise Fees Payable	484,366	455,580	473,180	6.32%
Interest Payable	161,300	170,109	178,734	-5.18%
Lease Liability	23,016	2,491	9,816	241.59%
Accrued Salary and Compensated Absences	592,363	573,407	514,309	3.31%
Deposit Liability	2,480			
Net Pension Liability	7,416,946	6,930,957	3,826,010	7.01%
Debt Payable	<u>12,555,081</u>	<u>13,183,069</u>	<u>13,798,175</u>	<u>-4.76%</u>
TOTAL LIABILITIES	<u>21,570,692</u>	<u>21,812,845</u>	<u>19,115,788</u>	<u>-1.11%</u>
Deferred Inflows of Resources:				
Related to Pension	465,521	93,222	3,339,904	399.37%
Related to OPEB	542,331	444,408	712,844	22.03%
Related to Leases	<u>601,054</u>	<u>649,373</u>	<u>697,692</u>	<u>-7.44%</u>
TOTAL DEFERRED INFLOW OF RESOURCES	<u>1,608,906</u>	<u>1,187,003</u>	<u>4,750,440</u>	<u>35.54%</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>23,179,598</u>	<u>22,999,848</u>	<u>23,866,228</u>	<u>0.78%</u>
NET POSITION				
Net Investment in Capital Assets	29,192,653	30,057,288	30,929,430	-2.88%
Restricted	5,694,576	5,404,044	4,848,781	5.38%
Unrestricted	<u>9,328,035</u>	<u>8,157,783</u>	<u>3,384,754</u>	<u>14.35%</u>
TOTAL NET POSITION	<u>44,215,264</u>	<u>43,619,115</u>	<u>39,162,965</u>	<u>1.37%</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 67,394,862</u>	<u>\$ 66,618,963</u>	<u>\$ 63,029,193</u>	<u>1.16%</u>

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2024

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Changes in Net Position

The District's total revenues were \$13,004,890, \$11,953,025 and \$12,325,522 for the years ended June 30, 2024, 2023 and 2022, respectively. The largest source of revenue was domestic/commercial user fees, which accounted for 66%, 68% and 63% of total revenues for the years ended June 30, 2024, 2023 and 2022, respectively.

The District's total expenses were \$12,408,741, \$7,496,875 and \$10,840,859 at June 30, 2024, 2023 and 2022, respectively. The largest area of expense was for sewage treatment, which included personnel services, electricity, and plant maintenance. at \$6,206,823, \$4,569,484 and \$6,345,240 which was 50%, 61%, and 59% of total expenses for the years ended June 30, 2024, 2023 and 2022, respectively.

The District's total Net Position increased \$596,149 during the fiscal year ending June 30, 2024 and increased \$4,456,150 and increased \$1,484,663 during the fiscal years ending June 30, 2023 and 2022, respectively, as shown in Table 2.

Table 2
Changes in Net Position

	<u>Governmental Activities</u>			Total
	<u>2024</u>	<u>2023</u>	<u>2022</u>	Percentage Change 2024-2023
Revenues				
Operating Revenues:				
Industrial	\$ 2,592,979	\$ 2,370,243	\$ 3,144,491	9.40%
Domestic/Commercial	8,608,378	8,137,255	7,721,756	5.79%
Miscellaneous	<u>160,911</u>	<u>303,854</u>	<u>209,006</u>	-47.04%
TOTAL OPERATING REVENUES	<u>11,362,268</u>	<u>10,811,352</u>	<u>11,075,253</u>	<u>5.10%</u>
Operating Expenses				
Administration & General	2,450,000	1,637,104	2,291,945	49.65%
Sewage Collection	3,751,918	1,290,287	2,203,674	190.78%
Sewage Treatment	<u>6,206,823</u>	<u>4,569,484</u>	<u>6,345,240</u>	35.83%
TOTAL EXPENSES	<u>12,408,741</u>	<u>7,496,875</u>	<u>10,840,859</u>	<u>65.52%</u>
TOTAL NON-OPERATING REVENUE	<u>1,642,622</u>	<u>1,141,673</u>	<u>1,250,269</u>	<u>43.88%</u>
CHANGE IN NET POSITION	<u>\$ 596,149</u>	<u>\$ 4,456,150</u>	<u>\$ 1,484,663</u>	<u>-86.62%</u>

ANALYSIS OF THE DISTRICT'S FUNCTIONS

The District reports as a single proprietary fund. The District provides separate activity summaries for each of its six functions, although they are not each fund in a fund-accounting sense. The summaries are presented as supplementary information herein.

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2024, 2023 and 2022, the District invested (Net Book Value) \$36,307,653, \$37,637,288 and \$38,964,430 respectively, in a broad range of capital assets, including land, buildings, sewage collection, sewage treatment, sewage disposal facilities, equipment and vehicles. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long-Term Liabilities

At year-end, the District had long-term liabilities totaling \$19,595,549. On June 30, 2023, the District's long-term liabilities were \$19,720,350. On June 30, 2022, the District's long-term liabilities were \$17,252,526.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited the District was aware of several circumstances that has affected its current and future financial health.

- The District approved Sewer Service Charge rate increases effective August 1, 2024, July 1, 2025, July 1, 2026, July 1, 2027, and July 1, 2028. The District had obtained the services of Raftelis Financial Consultants to perform a Sewer Rate Study to determine if Sewer Service Charge rate increases are necessary beginning in FY 2024-25 and beyond.
- In July 2024 CalPERS reported a preliminary net return of 9.3% on its investments for the 12-month period ending June 30, 2024. The investment return outpaced the discount rate of 6.8%. It was also a notable improvement from the two most recent fiscal years, where investment returns were influenced by a variety of economic and geopolitical challenges. Additional Unfunded Accrued Liability is created when investment returns fall below the discount rate. In July 2023, CalPERS reported a preliminary 5.8% investment return for the 2022-23 Fiscal year.
- Environmental regulations necessary to protect the ground water in California's central valley are becoming more stringent, with consequent increases in costs to ratepayers.
- When inflation occurs, the cost of services increases resulting in the District having to pay more for the same services compared to previous years. The latest year-on-year inflation rate as of September 2024 was 2.4%. In 2023, the average rate of inflation was 4.1%. In 2022, the average rate of inflation was 8.0%
- In 2020 and 2021 the District received several new Notices to Comply Orders that will consequently increase cost to ratepayers. (Per-and Polyfluoroalkyl Substance (PFAS) Order # WQ-2020-0015-DWQ, Nitrates Control Program Notice to Comply Order #5-01-255, Salt Control Program Notice to Comply Order #5-01-255, Groundwater Monitoring Well Workplan, WDR Order 5-01-255 and General Order for Sanitary Sewer Systems).

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
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- The District has come under additional regulation for the sewer collection systems it operates in its member Cities. The State Water Board has mandated a comprehensive program of evaluation, maintenance, reporting, refurbishment, and funding. The District already fulfills many of the items required in the program and the costs already are a part of its fees and charges. However, additional costs will be incurred by the District in complying with this new mandate which may cause fees and charges to increase.

- The District is updating the 2016 Collection System Master Plan. Refurbishment and replacement of aging District facilities and equipment as well as the city owned sewer lines is of paramount importance. In order to minimize future borrowing, appropriate funding needs to be included in rate-setting decisions.

- Depending on the growth rates of the member Cities, the District must be prepared to plan for a treatment plant expansion to accommodate those growth rates.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's residents, ratepayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report, or need additional financial information, contact General Manager Veronica Cazares at 559-897-6500. The District's website address is www.skfcsd.org.

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
STATEMENT OF NET POSITION

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	June 30,	
	2024	2023
ASSETS:		
Current assets:		
Cash:		
Unrestricted	\$ 19,862,066	\$18,136,218
Restricted	<u>5,694,576</u>	<u>5,404,044</u>
	25,556,642	23,540,262
Receivables:		
Accounts receivable, net of allowance of \$0 on June 30, 2024 and 2023, respectively	655,746	904,487
Interest receivable	182,813	157,769
Annuity receivable	65,274	
CREB Subsidy	63,977	68,158
Lease receivable	39,451	38,303
Prepaid expenses	64,342	68,626
Other	<u>3,901</u>	<u>5,123</u>
Total Current Assets	<u>26,632,146</u>	<u>24,782,728</u>
Non-current assets:		
Capital assets, net of accumulated depreciation	36,307,653	37,637,288
Right to use leased asset, net of accumulated amortization	22,601	2,353
Connection fee receivable	4,062	5,922
Reimbursement agreements	71,546	69,694
Net OPEB asset	450,740	119,592
Lease receivable	<u>774,195</u>	<u>813,646</u>
Total Non-Current Assets	<u>37,630,797</u>	<u>38,648,495</u>
Total Assets	<u>64,262,943</u>	<u>63,431,223</u>
Deferred Outflows of Resources:		
Related to pension	2,810,037	2,864,592
Related to OPEB	<u>321,882</u>	<u>323,148</u>
	<u>3,131,919</u>	<u>3,187,740</u>
Total Assets and Deferred Outflows of Resources	<u>\$67,394,862</u>	<u>\$66,618,963</u>

See independent auditor's report and notes to financial statements.

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
STATEMENT OF NET POSITION
(Continued)

Draft
12/11/24

	June 30,	
	2024	2023
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 335,140	\$ 497,232
Franchise fees payable	484,366	455,580
Accrued salaries and compensated absences	337,426	339,095
Interest payable	161,300	170,109
Lease liability	8,509	2,491
Deposit Liability	2,480	
Current portion of long-term debt	<u>645,922</u>	<u>627,988</u>
Total Current Liabilities	<u>1,975,143</u>	<u>2,092,495</u>
Non-current liabilities:		
Accrued salaries and compensated absences	254,937	234,312
Lease liability	14,507	
Net pension liability	7,416,946	6,930,957
Long-term debt, net of current portion	<u>11,909,159</u>	<u>12,555,081</u>
Total Non-Current Liabilities	<u>19,595,549</u>	<u>19,720,350</u>
Total Liabilities	<u>21,570,692</u>	<u>21,812,845</u>
Deferred Inflows of Resources:		
Related to pension	465,521	93,222
Related to OPEB	542,331	444,408
Related to leases	<u>601,054</u>	<u>649,373</u>
	<u>1,608,906</u>	<u>1,187,003</u>
Total Liabilities and Deferred Inflows of Resources	<u>23,179,598</u>	<u>22,999,848</u>
NET POSITION		
Net investment in capital assets	29,192,653	30,057,288
Restricted	5,694,576	5,404,044
Unrestricted	<u>9,328,035</u>	<u>8,157,783</u>
Total Net Position	<u>44,215,264</u>	<u>43,619,115</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$67,394,862</u>	<u>\$66,618,963</u>

See independent auditor's report and notes to financial statements.

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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	Year Ended June 30,	
	2024	2023
OPERATING REVENUES:		
Industrial	\$ 2,592,979	\$ 2,370,243
Domestic/commercial	8,608,378	8,137,255
Miscellaneous	<u>160,911</u>	<u>303,854</u>
Total Operating Revenues	<u>11,362,268</u>	<u>10,811,352</u>
OPERATING EXPENSES:		
Administration and general	2,450,000	1,637,104
Sewage Collection	3,751,918	1,290,287
Sewage treatment	<u>6,206,823</u>	<u>4,569,484</u>
Total Operating Expenses	<u>12,408,741</u>	<u>7,496,875</u>
Operating Income (Loss)	(1,046,473)	3,314,477
NON-OPERATING REVENUES (EXPENSES):		
Investment income	1,010,323	210,717
Gain on disposition of capital assets		10,350
CREB subsidy revenue	215,975	229,280
Connection/annexation fees	751,514	1,052,861
Interest expense	(379,757)	(402,795)
Lease revenue	52,748	48,319
Lease expense	<u>(8,181)</u>	<u>(7,059)</u>
Total Non-Operating Revenues	<u>1,642,622</u>	<u>1,141,673</u>
Change in Net Position	596,149	4,456,150
Net Position, Beginning of Year	<u>43,619,115</u>	<u>39,162,965</u>
Net Position, End of Year	<u>\$44,215,264</u>	<u>\$43,619,115</u>

See independent auditor's report and notes to financial statements.

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
STATEMENT OF CASH FLOWS

Draft
12/11/24

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers for wastewater sales and service	\$ 11,545,743	\$10,985,968
Cash paid to vendors and suppliers for materials and services	(5,300,949)	(3,040,842)
Cash paid to employees for salaries and benefits	<u>(3,892,423)</u>	<u>(3,913,593)</u>
Net Cash Provided by Operating Activities	<u>2,352,371</u>	<u>4,031,533</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(1,306,785)	(1,177,263)
Proceeds from lease receivables	64,977	63,861
Payments on lease liability	(7,904)	(7,325)
Principal paid on long-term debt	(627,988)	(615,106)
Proceeds from connection/annexation fees	<u>751,514</u>	<u>1,052,861</u>
Net Cash Used by Capital and Related Financing Activities	<u>(1,126,186)</u>	<u>(682,972)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and investment earnings	958,605	95,126
CREB Subsidy	220,156	233,371
Interest expense	(388,566)	(411,420)
Gain on disposition of asset	<u> </u>	<u>10,350</u>
Net Cash Provided (Used) by Investing Activities	<u>790,195</u>	<u>(72,573)</u>
Net Increase in Cash and Cash Equivalents	2,016,380	3,275,988
Cash and Cash Equivalents, Beginning of Year	<u>23,540,262</u>	<u>20,264,274</u>
Cash and Cash Equivalents, End of Year	<u>\$ 25,556,642</u>	<u>\$23,540,262</u>

See independent auditor's report and notes to financial statements.

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
STATEMENT OF CASH FLOWS
(Continued)

Draft
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	Year Ended June 30,	
	2024	2023
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income (Loss)	<u>\$ (1,046,473)</u>	<u>\$ 3,314,477</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,636,420	2,504,405
Changes in assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	248,741	103,975
Annuitants receivable	(65,274)	
Prepaid expenses	4,284	285
Other assets	1,222	(5,123)
Deferred connection fees	1,860	1,755
Deferred reimbursable agreements	(1,852)	68,886
Deferred outflows	55,821	(1,886,942)
Increase (decrease) in liabilities:		
Accounts payable	(162,092)	181,668
Franchise fees	28,786	(17,600)
Accrued expenses	18,956	59,098
Other postemployment benefits	(331,148)	116,820
Security deposit liability	2,480	
Net pension liabilities	485,989	3,104,947
Deferred inflows	<u>474,651</u>	<u>(3,515,118)</u>
Total Adjustments	<u>3,398,844</u>	<u>717,056</u>
Net Cash Provided by Operating Activities	<u>\$ 2,352,371</u>	<u>\$ 4,031,533</u>

See independent auditor's report and notes to financial statements.

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity

Selma-Kingsburg-Fowler County Sanitation District (the District) was formed on February 16, 1971, by action of the Fresno County Board of Supervisors through authority of the provisions of the California Health and Safety Code County Sanitation Districts Act. The governing Board of Directors was established by statute and by the Board of Supervisors to be comprised of the Chairman of the Board of Supervisors, the District 4 Supervisor and the mayors of the three Cities of Selma, Kingsburg, and Fowler. The District was established to serve as a regional sewer treatment authority for the three cities and the Golden State Boulevard Industrial Corridor. The District is predominantly located within the County of Fresno.

Basis of Accounting

The District reports using a proprietary fund which accounts for its activities using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Budget

Annual budgets are drafted, reviewed through the public hearing process, and adopted by resolution of the District's Board of Directors. The annual budget is the District's fiscal plan for operation and maintenance of the District, capital expenses for equipment and facilities, and the revenues in support of the plan. Amendments to the adopted budget require Board action and budgeting control is maintained at department levels.

Cash Flows

For purposes of the statement of cash flows, the District considers all highly liquid investments (including cash held by the County Treasury) with an original maturity of three months or less to be cash equivalents.

Capital Assets

Capital assets are recorded on the basis of cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 15 to 50 years for sewage collection, treatment, disposal facilities and buildings. The useful lives for equipment range from 3 to 25 years. Expenses for maintenance, repairs, renewals, and those related to the three cities' collection systems are expensed as incurred. Expenses for improvements over \$8,000 are capitalized.

The District records and capitalizes the construction costs for sewage collection, treatment, and disposal facilities, which are constructed by the District and to which title is retained by the District.

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District.

Seventy percent of accumulated sick leave benefits are recognized as liabilities of the District. This portion is vested for all full-time employees who have been with the District for more than three months. Payment will be made in accordance with Employee Handbook Section D-4a.2, whether at 0%, 50% or 70%.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports 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 resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category, deferred outflows related to pensions and OPEB.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. The separate financial element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has three types of deferred inflow which qualifies for reporting in this category, deferred inflows related to pensions, OPEB and leases.

Pension Plan

The District recognizes a net pension liability, which represents its proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the CalPERS Actuarial Office. The net pension liability is measured as of the District's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred. The average remaining service lifetime for the June 30, 2023 and June 30, 2022 measurement periods are 3.8 years and 3.7 years, respectively.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by 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. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
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GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

	Year Ended June 30,	
	2024	2023
Valuation Date	June 30, 2022	June 30, 2021
Measurement Date	June 30, 2023	June 30, 2022
Measurement Period	July 1, 2022 to June 30, 2023	July 1, 2021 to June 30, 2022

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the District’s plan (OPEB Plan) and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

General accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

	Year Ended June 30,	
	2024	2023
Valuation Date	June 30, 2023	June 30, 2021
Measurement Date	June 30, 2023	June 30, 2022
Measurement Period	June 30, 2022 to June 30, 2023	June 30, 2021 to June 30, 2022

Income Taxes

As a governmental agency, the District is exempt from both federal income taxes and California state franchise taxes.

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023
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Net Position

Net Position is the excess of all the District's assets and deferred outflows over all its liabilities, and deferred inflows. Net Position is divided into three categories as follows:

Investment in Capital Assets describes the portion of net position which is represented by the current net book value of the District'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 District cannot unilaterally alter. These principally include facility capacity fees received for use on capital projects, fees charged for the provision of future water resources and debt service reserve funds.

Unrestricted describes the portion of net position which is not restricted as to use.

Classification of Revenues

The District's funds distinguish revenues and expenses and non-operating items. Operating revenues and expenses generally result from providing services in connection with the District's ongoing operations. The principal operating revenues of the District are from Industrial and Domestic/Commercial fees. Operating expenses include sewage collection and treatment costs, administrative expenses and depreciation and amortization on plan, property and equipment. All other revenues and expenses not meeting this definition are reported as non-operating revenue and expenses.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023
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NOTE 2 – CASH AND INVESTMENTS:

Cash and investments as of June 30, 2024 and 2023 consist of the following:

	June 30,	
	2024	2023
Cash on Hand	\$ 700	\$ 700
Deposits with Financial Institutions	139,575	29,116
Deposits with County Treasury	<u>25,416,367</u>	<u>23,510,446</u>
Total Cash and Investments	<u>\$25,556,642</u>	<u>\$23,540,262</u>

Bank deposit accounts are insured up to \$250,000 per institution by the Federal Depository Insurance Corporation (FDIC). All of the District’s cash balances held by financial institutions are fully insured or collateralized.

Cash in County Treasury

Within the guidelines of Government Code Section 53601, the District maintains substantially all of its cash in the Fresno County Treasury as part of the common investment pool. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer. The County is restricted by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer’s investment pool, bankers’ acceptances, commercial paper, negotiable and non-negotiable certificates of deposit, repurchase agreements, and mortgage-backed pass-through securities.

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023
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Investments Authorized by the California Government Code

The District does not have an investment policy independent of what is allowed under the California Government Code. The table below identifies the investment types that are authorized by the Code. The table also identifies certain provisions of the Code that address interest rate risk, credit risk, and concentration of credit risk.

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

The Fresno County Treasury Investment Pool Statement of Investment Policy is more stringent than the California Government Code. As of June 30, 2024 and 2023, the Investment Pool portfolio complied with its Statement of Investment Policy.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

As of June 30, 2024, the weighted average maturity of the investments contained in the Fresno County Treasury Investment Pool is 2.14 years. 27.8% of the portfolio matures within 12 months, 39.3% matures between 1 and 3 years, and 32.9% matures between 3 and 5 years.

As of June 30, 2023, the weighted average maturity of the investments contained in the Fresno County Treasury Investment Pool is 2.36 years. 26.8% of the portfolio matures within 12 months, 28.6% matures between 1 and 3 years, and 44.6% matures between 3 and 5 years.

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023
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Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Fresno County Treasury Investment Pool does not have a rating provided by a nationally recognized statistical rating organization. However, the assets of the portfolio held by the pool as of June 30, 2024 and June 30, 2023 had an average dollar weighted quality rating of “AA+.”

Concentration of Credit Risk

There are no investments in any one issuer that represents 5% or more of total District investments.

Custodial Credit Risk

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

Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as the Fresno County Treasury Investment Pool).

As of June 30, 2024 and 2023, none of the District’s deposits in excess of FDIC limits were held in uncollateralized accounts.

Investment in Fresno County Treasury Investment Pool

The District is a voluntary participant in the Fresno County Treasury Investment Pool that is regulated by the California Government Code under the oversight of the Auditor-Controller/Treasurer-Tax Collector of Fresno County. The fair value of the District’s investment in this pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value provided by the Treasury Investment Pool for the entire Treasury Investment Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the Treasury Investment Pool, which are recorded on an amortized cost basis.

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023
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NOTE 3 - LEASE RECEIVABLE

Critchley Lease

On October, 2017 the District entered into a 15-year lease as a Lessor to lease a real property to S.C Critchley Inc (Lessee). The term of the lease commenced on October, 2017 and expires on October, 2032. An initial lease receivable was recorded in the amount of \$374,588. The annual lease payments are \$21,408 per year for the first year, \$24,084 per year for years two to five, and \$34,788 per year for years six through fifteen. Interest rate is discounted at 3%. Lease revenue for the years ended June 30, 2024 and 2023 was \$24,973. Interest revenue for the years ended June 30, 2024 and 2023 was \$8,126 and 8,902, respectively. The Lessee has an option to extend the lease for an additional five years.

Lackey Lease

On July, 2020 the District entered into a 15-year lease as a Lessor to lease a real property to Jeremy Lackey (Lessee). The term of the lease commenced on July, 2020 and expires on June, 2035. An initial lease receivable was recorded in the amount of \$40,609. The annual lease payments are \$1,000 per year for the first year, \$2,500 per year for years two to five, and \$4,000 per year for years six through fifteen. Interest rate is discounted at 3%. Lease revenue for the years ended June 30, 2024 and 2023 was \$2,707, respectively. Interest revenue for the years ended June 30, 2024 and 2023 was \$1,108 and \$1,149, respectively. The Lessee has an option to extend the lease for an additional five years.

Woods Lease

District entered into a lease as a Lessor to lease 5 real properties to Woods Family Farms, LLC (Lessee).

The term of the lease for the property located at 11067 East Conejo Ave, Kingsburg, CA commenced on July, 2011 and expires on July, 2026. The annual lease payments are \$2,000 per year for the first year, \$4,000 per year for years two to five, and \$4,500 per year for years six through fifteen.

The term of the lease for the property located at 15532 South Del Rey Avenue, Kingsburg, CA commenced on July, 2011 and expires on July, 2026. The annual lease payments are \$2,000 per year for the first year, \$4,000 per year for years two to five, and \$4,500 per year for years six through fifteen.

The term of the lease for the property located at 14720 South Del Rey Avenue, Kingsburg, CA commenced on July, 2011 and expires on July, 2026. The annual lease payments are \$1,900 per year for the first year, \$3,800 per year for years two to five, and \$4,275 per year for years six through fifteen.

The term of the lease for the property located at 11654 East Clarkson Avenue, Kingsburg, CA commenced on January, 2012 and expires on January, 2027. The annual lease payments are \$3,910 per year for the first year, \$7,820 per year for years two to five, and \$8,798 per year for years six through fifteen.

The term of the lease for the property located at 11497 East Conejo Ave, Kingsburg, CA commenced on August, 2011 and expires on August, 2026. The annual lease payments are \$2,000 per year for the first year, \$4,000 per year for years two to five, and \$4,500 per year for years six through fifteen.

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Interest rate for all the lease combined is discounted at 3%. An initial lease receivable was recorded in the amount of \$639,802. Lease revenue for the years ended June 30, 2024 and 2023 was \$20,639. Interest revenue for the years ended June 30, 2024 and 2023 was \$16,324 and \$16,623, respectively.

On September, 2022, the District entered into a twenty-year lease agreement with the lessee to consolidate all leases into one and extend the lease through August 2042. The annual lease payments under the consolidated lease are \$26,573 for years one through six, \$35,430 for years seven through ten, and \$47,240 for years eleven through twenty.

Leases Receivable

Changes in lease receivables activity for the years ended June 30, 2024 and 2023 were as follows:

2024

<u>Leases</u>	<u>Balance as of June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2024</u>
Critchley	\$ 270,863	\$	\$ 26,662	\$ 244,201
Lackey	36,946		1,392	35,554
Woods	<u>544,140</u>		<u>10,249</u>	<u>533,891</u>
Total	<u>\$ 851,949</u>	<u>\$</u>	<u>\$ 38,303</u>	<u>\$ 813,646</u>

2023

<u>Leases</u>	<u>Balance as of June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2023</u>
Critchley	\$ 296,749	\$	\$ 25,886	\$ 270,863
Lackey	38,297		1,351	36,946
Woods	<u>554,090</u>		<u>9,950</u>	<u>544,140</u>
Total	<u>\$ 889,136</u>	<u>\$</u>	<u>\$ 37,187</u>	<u>\$ 851,949</u>

Deferred Inflow Related to Leases

Changes in deferred inflow related to leases activity for the years ended June 30, 2024 and 2023 were as follows:

2024

<u>Leases</u>	<u>Balance as of June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2024</u>
Critchley	\$ 224,750	\$	\$ 24,973	\$ 199,777
Lackey	32,487		2,707	29,780
Woods	<u>392,136</u>		<u>20,639</u>	<u>371,497</u>
Total	<u>\$ 649,373</u>	<u>\$</u>	<u>\$ 48,319</u>	<u>\$ 601,054</u>

2023

<u>Leases</u>	<u>Balance as of June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2023</u>
Critchley	\$ 249,723	\$	\$ 24,973	\$ 224,750
Lackey	35,194		2,707	32,487
Woods	<u>412,775</u>		<u>20,639</u>	<u>392,136</u>
Total	<u>\$ 697,692</u>	<u>\$</u>	<u>\$ 48,319</u>	<u>\$ 649,373</u>

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The following is a schedule of future lease payments:

Fiscal Year Ended June 30,	Principal	Interest	Total
2025	39,451	24,410	63,861
2026	42,135	23,226	65,361
2027	43,399	21,962	65,361
2028	44,701	20,660	65,361
2029	54,899	19,319	74,218
2030-2034	253,566	71,568	325,134
2035-2039	201,872	38,329	240,201
2040-2042	133,623	8,097	141,720
Total	<u>\$ 813,646</u>	<u>\$ 227,571</u>	<u>\$1,041,217</u>

NOTE 4 – CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance 2023	Additions/ Transfers	Deletions/ Transfers	Ending Balance 2024
Capital Assets				
Capital assets, not being depreciated:				
Land	\$ 3,569,165	\$	\$	\$ 3,569,165
Construction in progress	2,841,558	827,362	(3,187,826)	481,094
Property rights	11,475			11,475
Other properties	<u>154,307</u>			<u>154,307</u>
Total capital assets, not being depreciated	<u>6,576,505</u>	<u>827,362</u>	<u>(3,187,826)</u>	<u>4,216,041</u>
Capital assets, being depreciated:				
Sewage collection facilities	9,434,045	3,035,674		12,469,719
Sewage treatment facilities	53,790,507	358,260		54,148,767
Sewage disposal facilities	3,324,646			3,324,646
General administrative	<u>5,539,343</u>	<u>273,315</u>		<u>5,812,658</u>
Total capital assets, being depreciated	<u>72,088,541</u>	<u>3,667,249</u>		<u>75,755,790</u>
Accumulated depreciation and amortization:				
Sewage collection facilities	(7,792,175)	(376,563)		(8,168,738)
Sewage treatment facilities	(27,242,180)	(2,040,877)		(29,283,057)
Sewage disposal facilities	(2,808,056)	(88,918)		(2,896,974)
General administrative	<u>(3,185,347)</u>	<u>(130,062)</u>		<u>(3,315,409)</u>
Total accumulated depreciation and amortization	<u>(41,027,758)</u>	<u>(2,636,420)</u>		<u>(43,664,178)</u>
Total capital assets, being depreciated, net	<u>31,060,783</u>	<u>1,030,829</u>		<u>32,091,612</u>
Total capital assets, net	<u>\$ 37,637,288</u>	<u>\$ 1,858,191</u>	<u>\$(3,187,826)</u>	<u>\$ 36,307,653</u>

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Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance 2022</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance 2023</u>
Capital Assets				
Capital assets, not being depreciated:				
Land	\$ 3,569,165	\$	\$	\$ 3,569,165
Construction in progress	2,360,091	481,467		2,841,558
Property rights	11,475			11,475
Other properties	<u>154,307</u>			<u>154,307</u>
Total capital assets, not being depreciated	<u>6,095,038</u>	<u>481,467</u>		<u>6,576,505</u>
Capital assets, being depreciated:				
Sewage collection facilities	9,133,140	596,516	(295,611)	9,434,045
Sewage treatment facilities	53,722,115	68,392		53,790,507
Sewage disposal facilities	3,324,646			3,324,646
General administrative	<u>5,508,455</u>	<u>30,888</u>		<u>5,539,343</u>
Total capital assets, being depreciated	<u>71,688,356</u>	<u>695,796</u>	<u>(295,611)</u>	<u>72,088,541</u>
Accumulated depreciation and amortization:				
Sewage collection facilities	(7,830,899)	(256,887)	295,611	(7,792,175)
Sewage treatment facilities	(25,213,860)	(2,028,320)		(27,242,180)
Sewage disposal facilities	(2,710,808)	(97,248)		(2,808,056)
General administrative	<u>(3,063,397)</u>	<u>(121,950)</u>		<u>(3,185,347)</u>
Total accumulated depreciation and amortization	<u>(38,818,964)</u>	<u>(2,504,405)</u>	<u>295,611</u>	<u>(41,027,758)</u>
Total capital assets, being depreciated, net	<u>32,869,392</u>	<u>(1,808,609)</u>		<u>31,060,783</u>
Total capital assets, net	<u>\$ 38,964,430</u>	<u>\$ (1,327,142)</u>	<u>\$</u>	<u>\$ 37,637,288</u>

In 2023-24 and 2022-23, major capital asset additions included Operations and Maintenance building roof refurbishment, refurbishment of 18th Ave Lift Station, F550 Crane Truck, MLSS Line Refurbishment and RAS Line Replacement, and Clarifier improvements. Depreciation and amortization charged to income for the years ended June 30, 2024 and 2023 was \$2,636,420 and \$2,504,405, respectively.

NOTE 5 - RIGHT TO USE LEASED ASSET & LEASE LIABILITY

In July, 2020, the District entered into an agreement to lease a copier machine. The term is for 39 months, commencing on August, 2020 and expiring on October, 2023. An initial lease liability was recorded in the amount of \$22,941. The lease has an interest rate of 3%. In July, 2023, the District signed a new agreement commencing on November, 2023 and expiring on January, 2027. The term is for 39 months. An initial lease liability was recorded in the amount of \$28,433. The lease has an interest rate of 3%.

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2024

	Beginning Balance 2023	Additions/ Transfers	Deletions/ Transfers	Ending Balance 2024
Right to use leased asset				
Equipment	\$ 22,941	\$ 28,433	\$ (22,941)	\$ 28,433
Accumulated amortization	<u>(20,588)</u>	<u>(8,185)</u>	<u>22,941</u>	<u>(5,832)</u>
Total right to use asset, net	<u>\$ 2,353</u>	<u>\$ 20,248</u>	<u>\$ _____</u>	<u>\$ 22,601</u>

2023

	Beginning Balance 2022	Additions/ Transfers	Deletions/ Transfers	Ending Balance 2023
Right to use leased asset				
Equipment	\$ 22,941	\$ _____	\$ _____	\$ 22,941
Accumulated amortization	<u>(13,529)</u>	<u>(7,059)</u>	<u>_____</u>	<u>(20,588)</u>
Total right to use asset, net	<u>\$ 9,412</u>	<u>\$ (7,059)</u>	<u>\$ _____</u>	<u>\$ 2,353</u>

Changes in lease liability activity for the years ended June 30, 2024 and 2023 were as follows:

2024

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Lease liability	<u>\$ 2,491</u>	<u>\$ 28,433</u>	<u>\$ 7,908</u>	<u>\$ 23,016</u>	<u>\$ 8,509</u>

2023

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Lease liability	<u>\$ 9,816</u>	<u>\$ _____</u>	<u>\$ 7,325</u>	<u>\$ 2,491</u>	<u>\$ 2,491</u>

At June 30, 2024, the future minimum lease payments were as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 8,509	\$ 574	\$ 9,083
2026	8,992	312	9,304
2027	<u>5,515</u>	<u>55</u>	<u>5,570</u>
Total	<u>\$ 23,016</u>	<u>\$ 941</u>	<u>\$ 23,957</u>

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NOTE 6 – LONG-TERM DEBT:

Changes in long-term debt activity for the years ended June 30, 2024 and 2023 were as follows:

2024

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2017 Installment Sales Agreement (Taxable NCREB Direct Subsidy)	\$ 7,580,000	\$	\$ 465,000	\$ 7,115,000	\$480,000
Clean Water State Revolving Fund	<u>5,603,069</u>	<u> </u>	<u>162,988</u>	<u>5,440,081</u>	<u>165,922</u>
Total Long-Term Debt	<u>\$13,183,069</u>	<u>\$ </u>	<u>\$ 627,988</u>	<u>\$12,555,081</u>	<u>\$645,922</u>

2023

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2017 Installment Sales Agreement (Taxable NCREB Direct Subsidy)	\$ 8,035,000	\$	\$ 455,000	\$ 7,580,000	\$465,000
Clean Water State Revolving Fund	<u>5,763,175</u>	<u> </u>	<u>160,106</u>	<u>5,603,069</u>	<u>162,988</u>
Total Long-Term Debt	<u>\$13,798,175</u>	<u>\$ </u>	<u>\$ 615,106</u>	<u>\$13,183,069</u>	<u>\$627,988</u>

2017 Installment Sale Agreement

In March 2017, the District entered into an installment sale agreement with Municipal Finance Corporation to provide funding in the amount of \$9,765,000 for the purchase and installation of a solar photovoltaic system. Under the terms of the agreement, Municipal Finance Corporation will sell the completed project to the District in consideration for the payment by the District of installment payments as the purchase price of the project. The installment sale debt qualifies as new clean renewable energy bonds (NCREB) under Section 54C of the Internal Revenue Code. The debt payments are secured by a pledge of and lien on the net revenues derived from operations of the District. The installment payments bear interest at 5.10% and are payable semi-annually in March and September, beginning March, 2018. Because the installment agreement constitutes NCREB debt, the District is eligible for federal subsidy credits equal to 70% of the applicable credit rate of 4.4%, reduced by a sequestration rate which is revised annually by the federal government. The principal payments on the debt mature annually at various amounts through March, 2037. The outstanding balance of the installment sale agreement as of June 30, 2024 was \$7,115,000. The debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>2017 Installment Sale Agreement</u>				<u>Total Debt Service</u>
	<u>Principal</u>	<u>Gross Interest</u>	<u>Estimated NCREB Subsidy</u>	<u>Net Interest</u>	
2025	\$ 480,000	\$ 362,865	\$ 206,650	\$ 156,215	\$ 636,215
2026	490,000	338,385	192,710	145,675	635,675
2027	500,000	313,395	178,478	134,917	634,917
2028	510,000	287,895	163,956	123,939	633,939
2029	520,000	261,885	149,142	112,743	632,743
2030-2034	2,790,000	898,620	511,764	386,856	3,176,856
2035-2037	<u>1,825,000</u>	<u>187,425</u>	<u>106,738</u>	<u>80,687</u>	<u>1,905,687</u>
	<u>\$7,115,000</u>	<u>\$2,650,470</u>	<u>\$1,509,438</u>	<u>\$1,141,032</u>	<u>\$8,256,032</u>

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Clean Water State Revolving Fund

In July, 2018, the District entered into a loan agreement with the California State Water Resources Control Board to finance the McCall Avenue Sewer & Replacement project. Under the terms of the agreement, the State Water Board will finance up to \$6,642,000 of project costs. The District has pledged the net revenues and the restricted reserve fund established under the agreement as collateral. The loan has an interest rate of 1.8% and will mature in December, 2049. The District received the first drawdown of the loan in October, 2018. The outstanding balance of the loan as of June 30, 2024 was \$5,440,081. The annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2025	165,922	97,921	263,843
2026	168,909	94,935	263,844
2027	171,949	91,895	263,844
2028	175,044	88,799	263,843
2029	178,195	85,649	263,844
2030-2034	940,258	378,960	1,319,218
2035-2039	1,027,983	291,235	1,319,218
2040-2044	1,123,893	195,325	1,319,218
2045-2049	1,228,750	90,468	1,319,218
2050	259,178	4,665	263,843
	<u>\$5,440,081</u>	<u>\$1,419,852</u>	<u>\$6,859,933</u>

NOTE 7 – PENSION PLAN:

General Information

Plan Description

The Plan is a cost-sharing multiple-employer defined benefit pension plan (PERF C) administered by the California Public Employees’ Retirement System (CalPERS). All qualified permanent and probationary employees are eligible to participate in Miscellaneous Employee Pension Plans. Benefit provisions under plans are established by State Statute and Local Government 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 and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years total service are eligible to retire at age 50 to 52 years with statutory reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustment for each plan are applied as specified by the Public Employees’ Retirement Law.

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Effective January 1, 2013, CalPERS instituted a new pension plan as a result of the Public Employee Pension Reform Act (PEPRA). Employees hired from that date on are subject to the new 2% at 62 benefit formula.

	Miscellaneous		
	Classic	Classic 2 nd Tier	PEPRA
Hire Date	Prior to 1/1/2013	On or after 1/1/2013	On or after 1/1/2013
Benefit formula	2% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50-55	50-55	52-67
Monthly benefits, as a % of eligible compensation	2%	2%	2%
Required employee contribution rates	7.00%	7.00%	7.75%
Required employer contribution rates	12.37%	11.84%	7.68%
Unfunded liability payment	\$489,870	\$0	\$0

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 July 1 following notice of a change in the rate. Funding contributions for the 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 unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees.

For the year ended June 30, 2024, the contributions for the measurement period were as follows:

	Miscellaneous
Contributions – employer	\$745,616

At June 30, 2024 the District reported a net pension liability of \$7,416,946 for its’ proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability as of the June 30, 2023 and 2022 measurement dates was as follows:

	Measurement Date	
	June 30, 2023	2022
Net Pension Liability - District	\$ 7,416,946	\$ 6,930,957
Total Miscellaneous Risk Pool Pension Liability	\$5,000,417,077	\$4,679,227,059
District’s Portion of the Total Liability	.14833%	.14812%

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For the year ended June 30, 2024, the District recognized pension expense of \$1,658,727. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 745,884	\$
Changes in assumption	447,794	
Difference between expected and actual experiences	378,898	58,776
Change in employer's proportion	21,965	319,144
Differences between employer's contributions and proportionate share of contributions	14,625	87,601
Net difference between projected and actual earnings on pension plan investments	<u>1,200,871</u>	
Total	<u>\$2,810,037</u>	<u>\$ 465,521</u>

The \$745,884 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows of Resources
2025	\$ 377,242
2026	271,076
2027	915,856
2028	<u>34,458</u>
	<u>\$1,598,632</u>

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For the year ended June 30, 2023, the District recognized pension expense of \$(1,148,835). Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 745,616	\$
Changes in assumption	710,222	
Difference between expected and actual experiences	139,187	93,222
Net difference between projected and actual earnings on pension plan investments	<u>1,269,567</u>	
Total	<u>\$2,864,592</u>	<u>\$ 93,222</u>

The \$745,616 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows (Inflows) of Resources
2024	\$ 528,325
2025	462,936
2026	257,982
2027	<u>776,511</u>
	<u>\$ 2,025,754</u>

Actuarial Assumptions

The total pension liability was determined by rolling forward the total pension liability determined in the June 30, 2022, actuarial accounting valuation to June 30, 2023. The June 30, 2023, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies

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

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Discount Rate

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

Long-Term Expected Rate of Return

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

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

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

<u>Asset Class(1)</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10(1)(2)</u>
Global equity - cap-weighted	30.00%	4.45%
Global equity non-cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

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

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Amortization of Deferred Outflows and Deferred Inflows of Resources

The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period, and the remaining Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments is amortized over the remaining amortization periods. The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments in the Schedule of Collective Pension Amounts represents the unamortized balance relating to the current measurement period and the prior measurement periods on a net basis.

Deferred outflows of resources and deferred inflows of resources relating to Differences Between Expected and Actual Experience and Changes of Assumptions should be amortized over the Expected Average Remaining Service Lifetime (EARSL) of members provided with pensions through the Plan determined as of the beginning of the related measurement period. The EARSL for the June 30, 2023 and June 30, 2022 measurement periods are 3.8 years and 3.7 years, respectively.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability as of the June 30, 2023 and 2022 measurement dates calculated using the discount rate of 6.90 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.90 percent) or 1-percentage point higher (7.90 percent) than the current rate:

2023 Measurement Date

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
District’s proportionate share of the net pension plan liability	\$10,801,938	\$7,416,946	\$4,630,807

2022 Measurement Date

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
District’s proportionate share of the net pension plan liability	\$11,262,063	\$6,930,957	\$3,367,545

Pension Fund Fiduciary Net Position

Detailed information about each pension fund’s fiduciary net position is available in the separately issued CALPERS ACFR.

Payable to Pension Plan

The District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the years ended June 30, 2024 and 2023.

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NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS:

Plan Description

Following is a description of the current retiree benefit plan. These benefits apply only to those employees hired before July, 2012. Employees hired after are eligible only for statutory minimum employer contributions in accordance with Section 22892 of the California Government Code.

	General Employees	Unrepresented Employees
Benefit types provided	Medical only	Medical only
Duration of Benefits	Lifetime	Lifetime
Required Service	5 years	5 years
Minimum Age	50	50
Dependent Coverage	No	No
District Contribution %	100%	100%
District Cap	Single Basic Other Southern California Blue Shield rate	Single Basic Other Southern California Blue Shield rate

The following inactive and active employees were covered by the benefit terms under the OPEB plan:

	Measurement Date June 30,	
	2023	2022
Inactive employees currently receiving benefit payments	21	22
Inactive employees entitled to but not yet receiving benefit payments	0	0
Active employees	<u>30</u>	<u>30</u>
	<u>51</u>	<u>52</u>

Net OPEB Liability

For the year ended June 30, 2024, the District’s net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023.

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

Inflation	2.50 percent
Salary increases	2.75 percent per year
Investment rate of return	6.25 percent, net of OPEB plan investment expense
Healthcare cost trend rates	4.0 percent per year
Mortality rates	2021 CalPERS mortality table for miscellaneous and school employees
Retirement rates	CalPERS 2.0% @ 55 and 2.0% @ 60 retirement table rates for miscellaneous employees

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For the year ended June 30, 2023, 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, 2021.

Actuarial assumptions. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods including the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	2.75 percent per year
Investment rate of return	6.25 percent, net of OPEB plan investment expense
Healthcare cost trend rates	4.0 percent per year
Mortality rates	2017 CalPERS mortality table for miscellaneous and school employees
Retirement rates	CalPERS 2.0% @ 55 and 2.0% @ 60 retirement table rates for miscellaneous employees

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Assumed Gross Return
All Equities	40%	7.545%
All Fixed Income	43%	4.250%
Real Estate Investment Trusts	8%	7.250%
All Commodities	4%	7.545%
Treasury Inflation Protected Securities (TIPS)	5%	3.000%
Total	100%	

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2023 Measurement Date

Discount rate. The discount rate used to measure the total OPEB liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that District contributions would be sufficient to fully fund the obligation over a period not to exceed 25 years was determined using historic 24 year real rates of return for each asset class along with an assumed long-term inflation assumption of 2.50%.

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
Balances at June 30, 2022	<u>\$1,302,751</u>	<u>\$1,422,343</u>	<u>\$ (119,592)</u>
Service Cost	21,076		21,076
Interest on TOL	79,709		79,709
Expected Investment Income		92,168	(92,168)
Employer Contributions		180,990	(180,990)
Administrative Expense		(412)	412
Benefit Payments	(75,886)	(75,886)	
Changes in Assumptions	(4,024)		(4,024)
Investment Gains/(Losses)		(39,950)	39,950
Experience Gains	<u>(195,113)</u>		<u>(195,113)</u>
Net Change during 2022-23	<u>(174,238)</u>	<u>156,910</u>	<u>(331,148)</u>
Balance at June 30, 2023	<u>\$ 1,128,513</u>	<u>\$ 1,579,253</u>	<u>\$ (450,740)</u>

Sensitivity of the net OPEB liability to changes in the discount rate and health-care cost trend rates. The following presents the net OPEB liability of the District, as well as what the District’s net OPEB 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 discount rate:

	1% Decrease (5.25%)	Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB liability (asset)	\$(320,051)	\$(450,740)	\$(560,281)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3.0%)	Healthcare Cost Trend Rates (4.0%)	1% Increase (5.0%)
Net OPEB liability (asset)	\$(573,019)	\$(450,740)	\$(302,411)

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023
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OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued CalPERS financial report.

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

For the fiscal year ended June 30, 2024, the District recognized OPEB expense of \$(126,855). As of fiscal year ended June 30, 2024, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$170,378	\$
Differences between expected and actual experience	192	473,617
Changes in assumptions	7,754	3,440
Distributions from the OPEB trust subsequent to measurement date		65,274
Differences between projected and actual return on assets	<u>143,558</u>	
Total	<u>\$321,882</u>	<u>\$ 542,331</u>

The \$170,378 reported as deferred outflows of resources related to contributions and the \$65,274 reported as deferred inflows of resources related to distributions from OPEB trust subsequent to the June 30, 2023 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows (Inflows) of Resources
2024	\$(130,400)
2025	(118,074)
2026	11,664
2027	(33,916)
2028	(28,862)
Thereafter	<u>(25,965)</u>
	<u><u>\$(325,553)</u></u>

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023
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2022 Measurement Date

Discount rate. The discount rate used to measure the total OPEB liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that District contributions would be sufficient to fully fund the obligation over a period not to exceed 25 years was determined using historic 24 year real rates of return for each asset class along with an assumed long-term inflation assumption of 2.50%.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
Balances at June 30, 2021	<u>\$1,276,278</u>	<u>\$1,512,690</u>	<u>\$ (236,412)</u>
Service Cost	20,512		20,512
Interest on TOL	78,152		78,152
Expected Investment Income		97,816	(97,816)
Employer Contributions		177,300	(177,300)
Administrative Expense		(387)	387
Benefit Payments	(72,196)	(72,196)	
Investment Gains/(Losses)		(292,880)	292,880
Experience Gains	<u>5</u>		<u>5</u>
Net Change during 2021-22	<u>26,473</u>	<u>(90,347)</u>	<u>116,820</u>
Balance at June 30, 2022	<u>\$ 1,302,751</u>	<u>\$1,422,343</u>	<u>\$ (119,592)</u>

Sensitivity of the net OPEB liability to changes in the discount rate and health-care cost trend rates. The following presents the net OPEB liability of the District, as well as what the District’s net OPEB 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 discount rate:

	1% Decrease (5.25%)	Discount Rate (6.25%)	1% Increase (7.25%)
Net OPEB liability (asset)	\$23,270	\$(119,592)	\$(240,101)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3.0%)	Healthcare Cost Trend Rates (4.0%)	1% Increase (5.0%)
Net OPEB liability (asset)	\$(263,710)	\$(119,592)	\$53,518

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023
(Continued)

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OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued CalPERS financial report.

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$(108,245). As of fiscal year ended June 30, 2023, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$176,710	\$
Differences between expected and actual experience	260	444,408
Changes in assumptions	9,970	
Differences between projected and actual return on assets	<u>136,208</u>	
Total	<u>\$323,148</u>	<u>\$444,408</u>

The \$176,710 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows (Inflows) of Resources
2023	\$(110,732)
2024	(109,528)
2025	(97,202)
2026	32,536
2027	<u>(13,044)</u>
	<u>\$(297,970)</u>

Payable to the OPEB Plan

At June 30, 2024 and 2023, the District reported a payable of \$0 for the outstanding amount of contributions to the OPEB plan required for the years then ended.

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023
(Continued)

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NOTE 9 – RESTRICTED AND DESIGNATED ASSETS:

Restricted and designated assets are comprised of Cash in County Treasury at June 30, 2024 and 2023:

	2024	2023
Designated for refurbishment or replacement of member city-owned collection and pumping facilities:		
Selma	\$ 1,814,835	\$ 2,319,258
Kingsburg	3,335,438	3,426,770
Fowler	1,933,410	1,932,604
Designated for refurbishment or replacement of District treatment plant or interceptor facilities	7,533,302	6,245,192
Restricted reserve for State Water Resources Control Board	270,991	267,804
Restricted for expansion or capacity increase of District treatment plant or interceptor Facilities	5,601,598	5,393,049
	<u>\$20,489,574</u>	<u>\$19,584,677</u>

Designated assets are unrestricted. The Board of Directors has specified certain intended sources and uses for the designated assets, which are at the discretion of the Board.

NOTE 10 – JOINT VENTURES:

The District participates in joint ventures for workers’ compensation, liability, and property insurance under a joint powers agreement (JPA) with the California Sanitation Risk Management Authority (CSRMA). The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

CSRMA arranges for, and provides insurance for the members who participate in four different insurance pools. CSRMA is governed by a board consisting of a representative from each member district. The Board controls the operations of the CSRMA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the CSRMA. Any surpluses or deficits are charged to income or expense in the period they are made.

CSRMA prepares separate annual financial statements which may be obtained from Alliant Insurance Services, 100 Pine Street, 11th Floor, San Francisco, CA 94111.

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023
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NOTE 11 – DESIGNATED CAPITAL CONTRUCTION EXPENSES FOR SELMA-KINGSBURG-FOWLER:

Designated expenses charged to the Operating Expenses for Sewage Collection for member city owned collection and pumping facilities were as follows at June 30, 2024 and 2023:

	2024	2023
Selma	\$ 972,805	\$ 64,516
Kingsburg	523,828	36,144
Fowler	379,616	2,876
	<u>\$1,876,249</u>	<u>\$ 103,536</u>

NOTE 12 – PURCHASE COMMITMENTS:

The District has entered into contractual agreements related to capital projects. Outstanding commitments on these agreements at June 30, 2024 were approximately \$534,363.

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REQUIRED SUPPLEMENTARY INFORMATION

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SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/
SCHEDULE OF PLAN CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2024
LAST 10 FISCAL YEARS*

California Public Employees Retirement System (CalPERS) – Schedule of the District’s Proportionate Share of the Net Pension Liability

Measurement Period	2023	2022	June 30, 2021	2020	2019
District’s proportion of the net pension liability (asset)	.14833%	.14812%	.20150%	.14718%	.14715%
District’s proportionate share of the net pension liability (asset)	\$7,416,946	\$6,930,957	\$3,826,010	\$6,207,940	\$5,892,711
District’s covered-employee payroll	\$2,501,862	\$2,549,942	\$2,455,418	\$2,289,578	\$2,220,094
District’s proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	296.46%	271.81%	155.82%	271.14%	265.43%
District’s fiduciary net position as a percentage of the the total pension liability	70.37%	70.82%	83.25%	71.94%	71.99%
Measurement Period	2018	2017	June 30, 2016	2015	2014
District’s proportion of the net pension liability (asset)	.14730%	.14492%	.14569%	.14998%	.16281%
District’s proportionate share of the net pension liability (asset)	\$5,551,233	\$5,712,970	\$5,060,945	\$4,114,694	\$4,023,732
District’s covered-employee payroll	\$2,146,087	\$2,033,473	\$1,990,107	\$1,957,978	\$1,802,205
District’s proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	258.67%	280.95%	254.31%	210.15%	223.27%
District’s fiduciary net position as a percentage of the total pension liability	72.36%	75.39%	72.71%	78.30%	78.96%

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SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/
SCHEDULE OF PLAN CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2024
LAST 10 FISCAL YEARS*
(Continued)

California Public Employees Retirement System (CalPERS) – Schedule of the District’s Contributions

	Fiscal Years Ended June 30,				
	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 745,884	\$ 745,616	\$ 681,943	\$ 772,968	\$ 701,896
Contributions in relation to the actuarially determined contribution	<u>(745,884)</u>	<u>(745,616)</u>	<u>(681,943)</u>	<u>(772,968)</u>	<u>(701,896)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District’s covered-employee payroll	\$2,501,862	\$2,549,942	\$2,455,418	\$2,289,578	\$2,220,094
Contributions as a percentage of covered- employee payroll	29.81%	29.28%	27.77%	33.76%	31.62 %
	Fiscal Years Ended June 30,				
	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 612,857	\$ 540,611	\$ 523,385	\$ 476,526	\$ 326,907
Contributions in relation to the actuarially determined contribution	<u>(612,857)</u>	<u>(540,611)</u>	<u>(523,385)</u>	<u>(476,526)</u>	<u>(326,907)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District’s covered-employee payroll	\$2,146,087	\$2,033,473	\$1,990,107	\$1,957,978	\$1,802,205
Contributions as a percentage of covered- employee payroll	28.56%	26.59%	26.30%	24.34%	18.139%

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SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/
SCHEDULE OF PLAN CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2024
LAST 10 FISCAL YEARS*
(Continued)

Notes to Schedule

The actuarial methods and assumptions used to determine contribution rates for fiscal year ended June 30, 2024 was from the June 30, 2021 valuation date.

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	6.80%
Inflation	2.30%
Salary Increases	Varies ⁽¹⁾
Payroll growth	2.80%
Investment Rate of Return	6.80% ⁽²⁾
Mortality ⁽³⁾	CalPERS' Membership Data
Post Retirement Benefit Increases	Up to 2.50% ⁽⁴⁾

(1) Depending on age, service and type of employment

(2) Net of pension plan investment and administrative expenses, including inflation

(3) 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 2017 experience study report.

(4) Contract COLA up to 2.50% until Purchasing Power Protective Allowance Floor on Purchasing Power applies.

SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024
LAST 10 FISCAL YEARS*

Draft
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Measurement Period	June 30,						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	\$ 21,076	\$ 20,512	\$ 18,734	\$ 18,233	\$ 16,356	\$ 15,918	\$ 15,492
Interest	79,709	78,152	92,209	87,900	132,152	128,271	125,078
Benefit payments	(75,886)	(72,196)	(80,260)	(80,188)	(88,898)	(80,507)	(103,233)
Changes in assumptions	(4,024)		14,402				
Experience gains measurement period	(195,113)	5	(178,039)		(745,703)		
Net change in total OPEB liability	(174,238)	26,473	(132,954)	25,945	(686,093)	63,682	37,337
Total OPEB liability – beginning	<u>1,302,751</u>	<u>1,276,278</u>	<u>1,409,232</u>	<u>1,383,287</u>	<u>2,069,380</u>	<u>2,005,698</u>	<u>1,968,361</u>
Total OPEB liability – ending (a)	<u>\$1,128,513</u>	<u>\$1,302,751</u>	<u>\$1,276,278</u>	<u>\$1,409,232</u>	<u>\$1,383,287</u>	<u>\$2,069,380</u>	<u>\$2,005,698</u>
Plan fiduciary net position							
Contributions - employer	\$ 180,990	\$ 177,300	\$ 179,381	\$ 185,749	\$ 185,439	\$ 185,611	\$ 248,568
Expected investment income	92,168	97,816	79,557	67,890	63,017	41,237	38,026
Benefit payments	(75,886)	(72,196)	(74,277)	(80,645)	(80,335)	(80,507)	(103,233)
Investment gains/(losses)	(39,950)	(292,880)	156,840	6,970			
Administrative expense	(412)	(387)	(438)	(505)	(184)	(1,259)	(273)
Net change in plan fiduciary net position	156,910	(90,347)	341,063	179,459	167,937	145,082	183,088
Plan fiduciary net position – beginning	<u>1,422,343</u>	<u>1,512,690</u>	<u>1,171,627</u>	<u>992,168</u>	<u>824,231</u>	<u>679,149</u>	<u>496,061</u>
Plan fiduciary net position – ending (b)	<u>\$1,579,253</u>	<u>\$1,422,343</u>	<u>\$1,512,690</u>	<u>\$1,171,627</u>	<u>\$ 992,168</u>	<u>\$ 824,231</u>	<u>\$ 679,149</u>
District's net OPEB liability (asset) – ending (a) – (b)	<u>\$ (450,740)</u>	<u>\$ (119,592)</u>	<u>\$ (236,412)</u>	<u>\$ 237,605</u>	<u>\$ 391,119</u>	<u>\$1,245,149</u>	<u>\$1,326,549</u>
Plan fiduciary net position as a percentage of the total OPEB liability	139.94%	109.18%	118.52%	83.14%	71.73%	39.82%	33.86%
Covered-employee payroll	<u>\$2,549,942</u>	<u>\$2,455,418</u>	<u>\$2,289,578</u>	<u>\$2,220,094</u>	<u>\$2,146,087</u>	<u>\$2,033,473</u>	<u>\$1,990,107</u>
District's net OPEB liability (asset) as a percentage of covered-employee payroll	(17.68)%	(4.87)%	(10.33)%	10.70%	18.22%	61.23%	66.66%

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

There were no benefit changes for the June 30, 2023 valuation.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2024
LAST 10 FISCAL YEARS*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 170,378	\$ 176,710	\$ 177,300	\$ 179,381	\$ 185,439	\$ 184,834	\$ 145,335
Contributions in relation to the actuarially determined contribution	<u>(170,378)</u>	<u>(176,710)</u>	<u>(177,300)</u>	<u>(179,381)</u>	<u>(185,439)</u>	<u>(184,834)</u>	<u>(145,335)</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Covered-employee payroll	\$2,549,942	\$2,455,418	\$2,289,578	\$2,220,094	\$2,146,087	\$2,033,473	\$1,990,107
Contributions as a percentage of covered-employee payroll	7.74%	7.74%	7.74%	8.08%	8.64%	9.09%	7.31%

Notes to Schedule

Valuation date: June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Inflation	2.50 percent
Healthcare cost trend rates	4.00 percent
Salary increases	2.75 percent
Investment rate of return	6.25 percent, net of OPEB plan investment expense, including inflation
Retirement age	Expected retirement ages based on the 2009 CalPERS 2.0% at 55 and 2.0% at 60 retirement table rates for miscellaneous employees.
Mortality	Mortality rates were based on the 2021 CalPERS retiree mortality tables for miscellaneous employees.

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information become available.

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ADDITIONAL INFORMATION

SUMMARY NO. 1 – O&M
SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
FUNCTION #1 (OPERATION AND MAINTENANCE) – ACTIVITY SUMMARY
FOR THE YEAR ENDED JUNE 30, 2024

Draft
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	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)	Percent of Final Approved Budget
Revenue					
Residential, Commercial and Institutional Service Charges	\$6,005,434	\$6,005,434	\$6,169,732	\$ 164,298	102.74%
Industrial Service Charges	2,640,692	2,640,692	2,472,549	(168,143)	93.63%
Fixed Capital Service Charge	1,404,004	1,404,004	1,442,414	38,410	102.74%
IRS Tax Credit (CREB)	219,690	219,690	215,975	(3,715)	98.31%
Interest Earnings	100,013	100,013	138,793	38,780	138.77%
Septic Hauler Fees	142,829	142,829	153,434	10,605	107.43%
Rental of Property	63,861	63,861	68,290	4,429	106.94%
Plan Check and Inspection Fees	54,719	54,719	42,760	(11,959)	78.14%
Misc. Other Revenue	49,448	49,448	7,476	(41,972)	15.12%
Total Revenue	10,680,690	10,680,690	10,711,423	30,733	100.29%
Expenditures					
Salaries and Employee Benefits	4,243,513	4,243,513	3,873,166	370,347	91.27%
Services and Supplies	3,221,808	3,221,808	2,726,103	495,705	84.61%
OPEB CalPERS Contribution	105,104	105,104	105,104		100.00%
Cities' Franchise Fees	490,000	490,000	484,366	5,634	98.85%
Solar Lease Principal Payments	465,000	465,000	465,000		100.00%
Solar Lease Interest Payments	386,580	386,580	379,238	7,342	98.10%
Subtotal Expenditures	8,912,005	8,912,005	8,032,977	879,028	90.14%
Transfer to Function #2					
Refurbishment and Replacement	1,838,155	1,838,155	1,838,155		100.00%
Total Expenditures	10,750,160	10,750,160	9,871,132	879,028	91.82%
Change in Net Position (Budget Basis)			840,291		
Adjustment: OPEB CalPERS Contribution			105,104		
Adjustment: Reduction in Liability Principal Payments			465,000		
Adjustment: Depreciation			(2,636,420)		
Adjustment: GASB 68 Retirement			(912,843)		
Adjustment: GASB 74/75 OPEB			192,130		
Adjustment: GASB 87 Leases			9,739		
Adjustment: GASB 31 FMV Investments			55,353		
Change in Net Position (GAAP Basis)				\$(1,881,646)	

Note: The expenses in this activity summary reflect expenses in the budget year and are prior to any capitalization.

SUMMARY NO. 2 – DISTRICT EXPANSION
SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
FUNCTION #2 (DISTRICT CAPITAL EXPANSION) – ACTIVITY SUMMARY
FOR THE YEAR ENDED JUNE 30, 2024

Draft
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	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)	Percent of Final Approved Budget
<u>Revenue</u>					
Capacity Fees	\$ 506,682	\$ 506,682	\$ 700,104	\$ 193,422	138.17%
Annexation Fees	21,763	21,763	8,651	(13,112)	39.75%
Interest Earnings	91,133	91,133	150,274	59,141	164.90%
Total Revenue	619,578	619,578	859,029	239,451	138.65%
<u>Expenditures</u>					
*District Lift Station Refurb-D4 (18 th Street)	260,000	260,000	162,893	97,107	62.65%
*District Life Station R/R-D3 North St.	725,188	725,188	30,120	695,068	4.15%
Collection System Camera			759	(759)	N/A
Collection System Flow Monitoring/Model Calib	200,000	200,000	190,563	9,437	95.28%
Total Expenditures	1,185,188	1,185,188	384,335	800,853	32.43%
Transfer to Function #2 Refurbishment and Replacement	126,670	126,670	126,670	_____	100.00%
Change in Net Position (Budget Basis)			348,024		
Capitalization of Expenditure Adjustment			383,576		
Adjustment: GASB 31 FMV Investments			74,861		
Change in Net Position (GAAP Basis)			\$ 806,461		

Note: 1) The expenses in this activity summary reflect expenses in the budget year and are prior to any capitalization.
2)*Asterisks denotes the item is a multiple years project.

SUMMARY NO. 3 – DISTRICT R&R
SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
FUNCTION #3 (DISTRICT CAPITAL REFURBISHMENT & REPLACEMENT) – ACTIVITY SUMMARY
FOR THE YEAR ENDED JUNE 30, 2024

Draft
 12/11/24

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)	Percent of Final Approved Budget
Revenue					
Annual Transfer from General					
O&M Function #1	\$1,838,155	\$1,838,155	\$1,838,155	\$	100.00%
Interest Earnings	123,040	123,040	165,334	42,294	134.37%
Capacity Fee Offset	126,670	126,670	126,670		100.00%
Total Revenue	2,087,865	2,087,865	2,130,159	42,294	102.03%
Expenditures					
*District Lift Station Refurb-D4 (18 th Street)	174,000	174,000	244,339	(70,339)	140.42%
*North Street PS Panel Replacement	110,000	110,000	23,499	86,501	21.36%
*District Lift Station R/R-D3 North St	866,563	866,563	36,814	829,749	4.25%
Administration Building Roof Replacement	225,000	225,000	147,939	77,061	65.75%
Fleet Replacement V-02 GMC C1500	35,000	35,000	35,533	(533)	101.52%
Fleet Replacement V-04 Ford F-450			145,377	(145,377)	N/A
Total Expenditures	1,410,563	1,410,563	633,501	777,062	44.91%
Change in Net Position (Budget Basis)			1,496,658		
Capitalization of Expenditure Adjustment			633,500		
Adjustment: GASB 31 FMV Investments			54,965		
Change in Net Position (GAAP Basis)			\$2,185,123		

Note: 1) The expenses in this activity summary reflect expenses in the budget year and are prior to any capitalization.
2)*Asterisks denotes the item is a multiple years project.

SUMMARY NO. 4 – COLLECTION SYSTEM R&R (SELMA)
SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
FUNCTION #4 (DISTRICT COLLECTION SYSTEM CAPITAL REFURBISHMENT &
REPLACEMENT) – ACTIVITY SUMMARY
FOR THE YEAR ENDED JUNE 30, 2024

Draft
12/11/24

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)	Percent of Final Approved Budget
<u>Revenue</u>					
Service Charges – Residential, Commercial, Institutional	\$ 625,300	\$ 625,300	\$ 622,914	\$ (2,386)	99.62%
Service Charges – Industrial	793	793	824	31	103.95%
Interest Earnings	<u>30,881</u>	<u>30,881</u>	<u>61,622</u>	<u>30,741</u>	<u>199.55%</u>
Total Revenue	<u>656,974</u>	<u>656,974</u>	<u>685,360</u>	<u>28,386</u>	<u>104.32%</u>
<u>Expenditures</u>					
SRF Loan Debt Service (McCall Ave R&R)	263,844	263,844	263,844		100.00%
Miscellaneous Repairs	50,000	50,000	70,616	(20,616)	141.23%
*CCTV Inspection and Review	25,000	25,000	26,495	(1,495)	105.98%
*Sewer Improvement: Willow/Thomp			271,693	(271,693)	N/A
*Sewer Improvement: Alley Logan/Wright & Floral/Chstnt			270,558	(270,558)	N/A
City of Selma Collection System R&R (Neb/Thom/Knw)	300,000	300,000	300,000		100.00%
*Sewer Improvement: Tucker/E.Front	<u>649,000</u>	<u>649,000</u>	<u>33,444</u>	<u>615,556</u>	<u>5.15%</u>
Total Expenditures	<u>1,287,844</u>	<u>1,287,844</u>	<u>1,236,650</u>	<u>51,194</u>	<u>32.25%</u>
Change in Net Position (Budget Basis)			<u>(551,290)</u>		
Adjustments: SRF Principal Payment			164,456		
Adjustment: GASB 31 FMV Investments			54,137		
Change in Net Position (GAAP Basis)			<u>\$ (332,697)</u>		

Note: 1) The expenses in this activity summary reflect expenses in the budget year and are prior to any capitalization.
2)*Asterisks denotes the item is a multiple years project.

SUMMARY NO. 5 – COLLECTION SYSTEM R&R (KINGSBURG)
SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
FUNCTION #5 (DISTRICT COLLECTION SYSTEM CAPITAL REFURBISHMENT &
REPLACEMENT) – ACTIVITY SUMMARY
FOR THE YEAR ENDED JUNE 30, 2024

Draft
12/11/24

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)	Percent of Final Approved Budget
<u>Revenue</u>					
Service Fees – Residential, Commercial, Institutional	\$ 199,000	\$ 199,000	\$210,580	\$ 11,580	105.82%
Service Fees - Industrial	53,153	53,153	39,076	(14,077)	73.52%
Interest Earnings	<u>47,582</u>	<u>47,582</u>	<u>95,618</u>	<u>48,036</u>	<u>200.95%</u>
Total Revenue	<u>299,735</u>	<u>299,735</u>	<u>345,274</u>	<u>45,539</u>	<u>115.19%</u>
<u>Expenditures</u>					
Miscellaneous Repair	45,000	45,000	49,450	(4,450)	109.89%
*CCTV Inspection & Review	75,000	75,000	59,010	15,990	78.68%
Riverside Alley Sewer Improvements	360,000	360,000	5,348	354,652	1.49%
Marion Street Alley/18 th Avenue	211,000	211,000	5,594	205,406	2.65%
*Tulare Street Alley Improvements	<u> </u>	<u> </u>	<u>404,426</u>	<u>(404,426)</u>	<u> </u>
Total Expenditures	<u>691,000</u>	<u>691,000</u>	<u>523,828</u>	<u>167,172</u>	<u>75.81%</u>
Change in Net Position (Budget Basis)			<u>(178,554)</u>		
Adjustment: GASB 31 FMV Investments			54,353		
Change in Net Position (GAAP Basis)			<u>\$(124,201)</u>		

**Note: 1) The expenses in this activity summary reflect expenses in the budget year and are prior to any capitalization.
2)*Asterisks denotes the item is a multiple years project.**

**SUMMARY NO. 6 – COLLECTION SYSTEM R&R (FOWLER)
SELMA-KINGSBURG-FOWLER COUNTY SANITATION DISTRICT
FUNCTION #6 (DISTRICT COLLECTION SYSTEM CAPITAL REFURBISHMENT &
REPLACEMENT) – ACTIVITY SUMMARY
FOR THE YEAR ENDED JUNE 30, 2024**

Draft
12/11/24

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)	Percent of Final Approved Budget
Revenue					
Service Charges – Residential, Commercial, Institutional	\$ 151,200	\$ 151,200	\$ 162,737	\$ 11,537	107.63%
Service Charges – Industrial	89,473	89,473	80,530	(8,943)	90.01%
Interest Earnings	<u>22,907</u>	<u>22,907</u>	<u>50,386</u>	<u>27,479</u>	<u>219.96%</u>
Total Revenue	<u>263,580</u>	<u>263,580</u>	<u>293,653</u>	<u>30,073</u>	<u>111.41%</u>
Expenditures					
Miscellaneous Repair	35,000	35,000	42,600	(7,600)	121.71%
*CCTV Inspection and Review	65,000	65,000	48,278	16,722	74.27%
6th/7 th street Alley Sewer Improvements	540,000	540,000	8,981	531,019	1.66%
*East Fresno Street Alley Sewer Improvements	<u> </u>	<u> </u>	<u>279,757</u>	<u>(279,757)</u>	
Total Expenditures	<u>640,000</u>	<u>640,000</u>	<u>379,616</u>	<u>260,384</u>	<u>59.32%</u>
Change in Net Position (Budget Basis)			<u>(85,963)</u>		
Adjustment: GASB 31 FMV Investments			29,068		
Change in Net Position (GAAP Basis)			<u>\$ (56,895)</u>		

**Note: 1) The expenses in this activity summary reflect expenses in the budget year and are prior to any capitalization.
2)*Asterisks denotes the item is a multiple years project.**