City of Avenal

California

Report on Financial Statements

For the Year Ended June 30, 2022

CITY OF AVENAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Avenal, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

The combining and individual nonmajor fund financial statements are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 18, 2024 on our consideration of City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City's internal control over financial reporting and compliance.

Sotomayor & Associates, LLP

Sotomayor & Associates, LLP
Certified Public Accountants
Westlake Village, CA

December 23, 2024

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF AVENAL
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 7,777.220	$ 5,727,102	$ 13,504,322
Cash with fiscal agent	795,480	-	795,480
Receivables:			
Consumer receivables	-	998,072	998,072
Taxes	272,730	-	272,730
Intergovernmental	1,793,827	-	1,793,827
Grants	3,486,784	-	3,486,784
Community loans	11,803,963	-	11,803,963
Notes	-	-	-
Internal balances	3,305.000	(3,305,000)	-
Advances to other funds	1,480,000	275,392	1,755,392
Due from Successor Agency	3,736,731	-	3,736,731
Inventories	-	73,694	73,694
Capital assets	-	-	-
Non-depreciable	1,587,469	2,078,958	3,666,427
Depreciable, net of accumulated depreciation	18,811,905	10,490,175	29,302,080
Total assets	54,851,109	16,338,393	71,189,502
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	755,092	438,840	1,193,932
Deferred outflows from OPEB	2,581,443	482,447	3,063,890
Total deferred outflows of resources	3,336,535	921,287	4,257,822
LIABILITIES			
Accounts payable	703,574	281,960	985,534
Accrued interest payable	85,192	-	85,192
Consumer deposits	-	107,475	107,475
Unearned revenue	-	-	-
Due to Successor Agency	273,144	-	273,144
Due in one year:			
Compensated absences	-	106,102	106,102
Revenue bond payable	425,000	-	425,000
Noncurrent liabilities:			
Compensated absences	147,766	-	147,766
Revenue bond payable	4,360,000	-	4,360,000
Net pension liability	707,202	922,603	1,629,805
Other postemployment benefit obligation	15,079,732	2,818,265	17,897,997
Total liabilities	21,781,610	4,236,405	26,018,014
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	3,103,902	580,091	3,683,993
Deferred inflows from OPEB	861,469	889,052	1,750,521
Total deferred inflows of resources	3,965,371	1,469,143	5,434,514
NET POSITION			
Net investment in capital assets	15,614,374	12,569,133	28,183,507
Restricted for:			
Highway and streets	-	-	-
Community development	-	-	-
Unrestricted	(2,440,600)	(1,015,001)	(3,455,601)
Total net position	$ 13,173,774	$ 11,554,132	$ 24,727,906

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

CITY OF AVENAL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

FUNCTIONS/PROGRAMS:	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	$ 1,779,900	$ 79,531	$ 98,753	-	$ (1,601,616)	$ -	$ (1,601,616)
Building regulations	257,416	-	-	-	(257,416)	-	(257,416)
Planning	-	30,885	-	-	30,885	-	30,885
Community development	639,605	292,965	223,902	-	(122,738)	-	(172,738)
Public safety:						-	
Law enforcement	3,156,089	163,279	-	-	(2,992,810)	-	(2,992,810)
Animal control	279,138	77,755	-	-	(201,383)	-	(201,383)
Parks and recreation	250,422	8,890	-	-	(241,532)	-	(241,532)
Highway & Streets	669,046	-	4,622,911	-	3,953,865	-	3,953,865
Interest on long-term debt	224,326	-	-	-	(224,326)	-	(224,326)
Total governmental activities	7,255,942	653,305	4,945,566	-	(1,657,071))	-	(1,657,071)
Business-type activities:							
Water	3,358,533	3,043,490	-	-	-	(315,043)	(315,043)
Sewer	1,869,694	1,697,894	-	-	-	(171,800)	(171,800)
Solid waste	824,177	615,928	123,747	-	-	(84,502)	(84,502)
Streetlight	59,238	61,803	-	-	-	2,566	2,566
Total business-type activities	6,111,642	5,419,115	123,747	-	-	(568,778)	(568,778)
Total	$ 13,367,584	$ 6,072,420	$ 5,069,313	$ -	$ (1,657,071)	$ (568,778)	$ (2,2225849)
General revenues:							
Taxes:							
Property taxes					398,714	-	398,714
Sales taxes					376,675	-	376,675
Franchise taxes					330,156	-	330,156
Other taxes					10,313	-	10,313
Motor vehicle in-lieu					2,082,528	-	2,082,528
Rental income					653,038	-	653,038
Investment income					244,369	5,629	249,998
Miscellaneous					159,956	95,210	255,166
Transfers					(493,735)	493,735	-
Total general revenues and transfers					3,762,014	594,574	4,356,588
Change in net position					2,104,943	25,796	2,130,739
Net position - beginning					11,068,831	11,528,336	22,597,167
Prior period restatement*					-	-	-
Net position - beginning (restated)					11,068,831	11,528,336	22,597,167
Net position - ending					$ 13,173,774	$ 11,554,132	$ 24,727,906

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

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FUND FINANCIAL STATEMENTS

CITY OF AVENAL
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Avenal Public Financing Authority Debt Service Fund	CalHOME Special Revenue Fund	HOME Program Income Special Revenue Fund	CDBG Program Income Special Revenue Fund	Home Investment Special Revenue Funds	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and investments	$ 2,540,441	$ -	$ 259,944	$ 220,394	$ 104,750	$ 446	$ 4,654,245	$ 7,777,220
Cash with fiscal agent	246,927	548,553	-	-	-	-	-	795,480
Receivables:								
Taxes	272,730	-	-	-	-	-	-	272,730
Intergovernmental	-	-	-	-	-	-	1,793,827	1,793,827
Community loans	-	-	2,500,124	5,435,801	3,868,038	-	-	11,803,963
Notes	-	-	-	-	-	-	-	-
Interfund receivables	-	-	-	-	-	-	-	-
Due from Successor Agency	-	3,736,731	-	-	-	-	-	3,736,731
Advances to other funds	-	1,480,000	-	-	-	-	-	1,480,000
Total assets	$ 3,060,098	$ 5,765,284	$ 2,757068	$ 5,656,195	$ 3,972,788	$ 446	$ 6,448,072	$ 27,659,951
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ 333,008	$ -	$ 38,078	$ 160,581	$ -	$ -	$ 171,907	$ 703,574
Due to Successor Agency	-	273,144	-	-	-	-	-	273,144
Interfund payables	-	-	-	-	-	-	-	-
Advances from other funds	-	275,392	-	-	-	-	-	275,392
Unearned Revenue	64,143	-	-	-	-	-	4,323,325	4,387,468
Total liabilities	397,151	548,536	38,078	160,581	-	-	4,495,232	5,639,578
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues - loans	-	-	2,500,124	5,435,801	3,948,553	-	-	11,884,478
Total deferred inflows of resources	-	-	2,500,124	5,435,801	3,948,553	-	-	11,884,478
Fund balances:								
Nonspendable:								
Notes receivable	-	-	-	-	-	-	-	-
Restricted for:								
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Committed:								
Capital projects	-	-	-	-	-	-	-	-
Assigned:								
General government	-	-	-	-	-	-	-	-
Unassigned	2,662,947	5,216,748	218,866	59,813	24,235	446	1,952,840	10,135,895
Total fund balances	2,662,947	5,216,748	218,866	59,813	24,235	446	1,952,840	10,135,895
Total liabilities and fund balances	$ 3,060,098	$ 5,765,284	$ 2,757,068	$ 5,656,195	$ 3,972,788	$ 446	$ 6,448,072	$ 27,659,951

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

CITY OF AVENAL
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

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

Total fund balances - governmental funds	$	10,135,895
Capital assets used in governmental activities were not current financial resources and, therefore, were not reported in the governmental funds.		20,399,374
Long-term liabilities were not due and payable in the current period; therefore, they are not reported in the governmental funds balance sheet:		
Net pension liability		(707,202)
Other postemployment benefits		(15,079,732)
Loan payable		(4,785,000)
Compensated absences		(147,766)
Unmatured interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		(85,192)
Pension related deferrals are reported as deferred outflows and inflows of resources on the Statement of Net Position.		(106,377)
Post employment benefit deferrals are reported as deferred outflows and inflows of resources on the Statement of Net Position		(522,459)
Other long-term assets are not available to pay for current period expenditures and, therefore, they are deferred in the governmental funds.		4,072,233
Net position of governmental activities	$	13,173,774

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

CITY OF AVENAL
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Avenal Public Financing Authority Debt Service Fund	CalHOME Special Revenue Fund	HOME Program Income Special Revenue Fund	CDBG Program Income Special Revenue Fund	Home Investment Special Revenue Funds	Other Governmental Funds	Total Governmental Funds
REVENUES								
Property taxes	2,475,421	-	-	-	-	-	-	2,475,421
Other taxes	722,229	-	-	-	-	-	-	722,229
Intergovernmental revenues	176,644	-	-	-	-	-	1,690,595	1,867,239
Charges for services	136,700	-	-	-	-	-	-	136,700
Licenses and permits	348,401	-	-	-	-	-	-	348,401
Fines and penalties	16,995	-	-	-	-	-	-	16,995
Investment income	12,361	230,455	86	89	26	-	1,352	244,369
Rents	649,738	-	-	-	-	-	3,300	653,038
Loan repayments	-	-	3,863	(250)	(880)	-	-	2,733
Other revenue	176,051	-	-	-	-	-	-	176,051
Total revenues	4,714,540	230,455	3,949	(161)	(854)	-	1,695,247	6,643,176
EXPENDITURES								
Current:								
General government	892,159	-	-	-	-	-	462,261	1,354,420
Building regulation	257,416	-	-	-	-	-	-	257,416
Community development	128,391	-	4,778	145,295	350	-	104,773	283,587
Public safety:								
Law enforcement	3,156,089	-	-	-	-	-	-	3,156,089
Animal control	242,568	-	-	-	-	-	-	242,568
Parks and recreation	675,088	-	-	-	-	-	1,350	676,438
Highways and streets	-	-	-	-	-	-	467,802	467,802
Capital outlay:								
General government	37,384	-	-	-	-	-	-	37,384
Building regulation	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Public safety:								
Law enforcement	-	-	-	-	-	-	-	-
Animal control	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	119,243	119,243
Debt service:			-					
Principal	-	-	-	-	-	-	-	-
Interest	-	224,326	-	-	-	-	-	224,326
Total expenditures	5,389,095	224,326	4,778	145,295	350	-	1,155,429	6,919,273
Excess (deficiency) of revenues over (under) expenditures	(674,555)	6,129	(829)	(145,456)	(1,204)	-	539,818	(276,097)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(28,302)	-	-	-	-	-	(465,433)	(493,735)
Total other financing sources (uses)	(28,302)	-	-	-	-	-	(465,433)	(493,735)
Net change in fund balances	(702,857)	6,129	(829)	(145,456)	(1,204)	-	74,385	(769,832)
Fund balances - beginning	3,365,804	5,210,619	219,695	205,269	25,439	446	1,878,455	10,905,727
Prior Period adjustments	-	-	-	-	-	-	-	-
Fund balances - ending	$ 2,662,947	$ 5,216,748	$ 218,866	$ 59,813	$ 24,235	$ 446	$ 1,952,840	$ 10,135,895

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

CITY OF AVENAL
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

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

Net change in fund balances - total governmental funds	$	(769,832)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the costs of those assets are capitalized. This is the amount of capital assets recorded.		541,851
Depreciation expense on capital assets is reported in the government-wide statement as changes in net position, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.		(1,405,419)
Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(813,579)
Community loans are reported in the governmental funds as expenditures and are not expenses in the statement of activities. This is the amount of community loans given.		(11,803,963)
Compensated absences expense reported in the statement of activities does not require the use of current financial resources and, therefore, is reported as an expenditure in the governmental funds.		(502,459)
Repayment of long-term principal is an expenditure in governmental funds, but the repayment reduced long-term liabilities in the government-wide statement of net position.		410,000
Other post-employment benefit expense is reported in the government-wide statement of activities, but it does not require the use of current financial resources. Therefore, the expense is not reported as an expenditure in the governmental funds.		16,448,344
Change in net position of governmental activities	$	2,104,943

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

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PROPRIETARY FUNDS

CITY OF AVENAL
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Water Fund	Sewer Fund	Solid Waste Fund	Street Light Fund	Total
ASSETS					
Current assets:					
Cash and investments	$ 1,998,851	$ 2,778,172	$ 349,949	$ 600,130	$ 5,727,102
Consumer receivables	536,996	301,385	148,411	11,280	998,072
Supplies inventory	60,375	13,319	-	-	73,694
Other assets	-	-	-	-	-
Total current assets	2,596,222	3,092,876	498,360	611,410	6,798,868
Noncurrent assets:					
Advances to other funds	275,392	-	-	-	275,392
Capital assets:					
Nondepreciable	101,000	-	-	-	101,000
Construction in progress	570,433	1,407,525	-	-	1,977,958
Depreciable, net	7,894,295	2,123,694	-	472,186	10,490,175
Total noncurrent assets	8,841,120	3,531,219	-	472,186	12,844,525
Total assets	11,437,342	6,624,095	498,360	1,083,596	19,643,393
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows from OPEB	184,550	207,219	90,678	-	482,447
Deferred outflows from pensions	173,751	236,816	28,273	-	438,840
Total deferred outflows of resources	358,301	444,035	118,951	-	921,287
LIABILITIES					
Current liabilities:					
Accounts payable	203,631	70,030	4,123	4,176	281,960
Deposits	107,475	-	-	-	107,475
Compensated absences	-	-	-	-	-
Total current liabilities	311,106	70,030	4,123	4,176	389,435
Noncurrent liabilities:					
Advances from other funds	3,305,000	-	-	-	3,305,000
Compensated absences	34,684	66,265	5,153	-	106,102
Net pension liability	364,779	498,266	59,558	-	922,603
Other postemployment benefits obligation	1,078,065	1,210,492	529,708	-	2,818,265
Total noncurrent liabilities	4,782,528	1,775,023	594,419	-	7,151,970
Total liabilities	5,093,634	1,845,053	598,542	4,176	7,541,405
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows from OPEB	221,901	249,159	109,031	-	580,091
Deferred inflows from pensions	351,719	479,988	57,345	-	889,052
Total deferred inflows of resources	573,620	729,147	166,376	-	1,469,143
NET POSITION					
Net investment in capital assets	8,565,728	3,531,219	-	472,186	12,569,133
Unrestricted	(2,437,339)	962,711	(147,607)	607,234	(1,015,001)
Total net position	$ 6,128,389	$ 4,493,930	$ (147,607)	$ 1,079,420	$ 11,554,132

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

CITY OF AVENAL
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Water Fund	Sewer Fund	Solid Waste Fund	Streetlight Fund	Total
Operating revenues					
Charges for services	$ 3,327,246	$ 1,603,688	$ 547,149	$ 61,805	$ 5,539,888
Operating expenses:					
Personnel costs	791,100	1,040,558	98,736	-	1,930,394
Operations	410,174	97,173	-	-	507,347
Contract services	-	-	582,421	-	582,421
Franchise	83,334	-	-	-	83,334
Utilities	1,235,446	189,254	-	31,279	1,455,979
Administration	392,840	400,336	143,020	-	936,198
Depreciation	485,014	142,373	-	27,959	655,346
Total operating expenses	3,397,908	1,869,694	824,177	59,238	6,,151,017
Operating income (loss)	(70,662)	(266,006)	(277,028)	2,567	(611,129)
Nonoperating revenues (expenses):					
Connection fees	23,624	17,458	-	-	41,082
Other revenue	77,508	-	16,309	1,393	95,210
Other surcharges and surtaxes	-	-	123,747	-	123,747
Interest income	2,971	1,942	435	281	5,629
Department of Correction	-	11,213	-	-	11,213
Interest expense	(167,850)	-	-	-	(167,850)
Total nonoperating revenues (expenses)	(63,747)	30,613	140,491	1,674	109,031
Other financing sources (uses):					
Transfers in/(out)	209,423	318,471	-	-	527,894
Total other financing sources (uses)	209,423	318,471	-	-	527,894
Change in net position	75,014	83,078	(136,537)	4,241	25,796
Net position - beginning	6,053,375	4,410,852	(11,070)	1,075,179	11,528,336
Prior period restatement*	-	-	-	-	-
Net position – beginning	6,053,375	4,410,852	(11,070)	1,075,179	11,528,336
Net position - ending	$ 6,128,389	$ 4,493,930	$ (147,607)	$ 1,079,420	$ 11,554,132

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

CITY OF AVENAL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Water Fund	Sewer Fund	Solid Waste Fund	Street Light Fund	Total
Cash flows from operating activities:					
Cash received from customers	$ 2,744,793	$ 1,664,171	$ 543,178	$ 58,743	$ 5,010,885
Cash payments to suppliers for goods and services	(1,935,549)	(653,904)	(41,498)	(27,518)	(2,658,469)
Cash payments to employees for services	(848,322)	(1,532,868)	(103,703)	-	(2,484,893)
Cash payments to Other	-	-	(678,348)	-	(678,348)
Net cash provided (used) by operating activities	(39,078)	(522,601)	(280,371)	31,225	(810,825)
Cash flows from noncapital financing activities:					
Prior period adjustment	-	-	-	-	-
Cash received/paid from other funds	59,423	318,471	-	1,393	379,287
Cash received for connection fees	101,132	28,671	140,056	-	269,859
Net cash provided (used) by noncapital financing activities	160,555	347,142	140,056	1,393	649,146
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(21,676)	-	-	-	(21,676)
Gain (Loss) on Disposal of Equipment	1,791				1,791
Interest paid on capital debt	(167,850)	-	-	-	(167,850)
Net cash provided (used) by capital and related financing activities	(187,735)	-	-	-	(187,735)
Cash flows from investing activities:					
Interest on investments	2,971	1,942	435	281	5,629
Net cash provided (used) by investing activities	2,971	1,942	435	281	5,629
Increase (decrease) in cash and cash equivalents	(63,287)	(173,517)	(139,880)	32,899	(343,785)
Cash and cash equivalents - July 1	2,062,138	2,951,689	489,829	567,231	6,070,887
Cash and cash equivalents - June 30	$ 1,998,851	$ 2,778,172	$ 349,949	$ 600,130	$ 5,727,102
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	$ (70,662)	$ (266,006)	$ (277,028)	$ 2,567	$ (611,129)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	485,014	142,373	-	27,959	655,346
Changes in assets, deferred outflows of resources, Liabilities and deferred inflow of resources:					
(Increase) decrease in consumer receivables	9,953	(11,586)	(16,140)	(1,246)	(19,019)
(Increase) decrease in supplies inventory	(2,177)	6,248	-	-	4,071
(Increase) decrease in receivables from other funds	(275,392)	-	-	-	(275,392)
(Increase) decrease in deferred outflows of resources for pensions	20,296	20,776	2,085	-	43,157
(Increase) decrease in deferred outflows of resources for OPEB	(54,797)	(61,205)	-	-	(116,002)
Increase (decrease) in accounts payable	22,345	26,612	(41,497)	1,932	9,392
Increase (decrease) in consumer deposits	11,577	-	-	-	11,577
Increase (decrease) in compensated absences payable	2,657	6,146	667	-	9,470
Increase (decrease) in other postemployment benefits obligation	(175,352)	(382,961)	59,261	13	(499,039)
Increase (decrease) in net pension liability	(399,000)	(514,127)	(59,373)	-	(972,500)
Increase (decrease) in deferred inflows of resources for pensions	316,175	432,586	51,654	-	800,415
Increase (decrease) in deferred inflows of resources for OPEB	70,285	78,543	-	-	148,828
Net cash provided (used) by operating activities	$ (39,078)	$ (522,601)	$ (280,371)	$ 31,225	$ (810,825)

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

CITY OF AVENAL
STATEMENT OF FIDUCIARY NET POSITION
SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY
JUNE 30, 2022

	Trust Funds
ASSETS	
Current assets:	
Cash and investments	$ 278,188
Due from City of Avenal	273,144
Total current assets	551,332
Land Inventory	-
Total noncurrent assets	-
Total assets	551,332
LIABILITIES	
Current liabilities:	
Accounts payable	3,645
Total current liabilities	3,645
Due to City of Avenal Public Finance Authority	1,480,000
Total noncurrent liabilities	1,480,000
Total liabilities	1,483,645
NET POSITION	
Held in trust	$ (932,313)

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

CITY OF AVENAL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY
JUNE 30, 2022

		Trust Funds
ADDITIONS		
Intergovernmental revenues	$	443,377
Interest		82
Total additions		443,459
DEDUCTIONS		
Planning and community development		116,823
Bond principal payments		-
Interest and fiscal charges		78,500
Total deductions		195,323
Change in net position		248,136
Net position - beginning		(1,180,449)
Prior year adjustments		-
Net position - ending	$	(932,313)

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The City of Avenal (the "City") was incorporated in 1979 as a general law city. The City has a council/manager form of government and is governed by a five-member elected council. The City Manager is appointed by the City Council. The City provides the following services: public safety (law enforcement, animal control, and emergency services), water utility, sanitation (solid waste disposal and sanitary wastewater), parks and recreation, planning and community development, public works, street maintenance, building regulation and general administrative services.

The accompanying basic financial statements include the financial activities of the City; the primary government; and its component unit, the Avenal Public Financing Authority (the "Authority"). Financial information for the City and this component unit are accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board. The City Council members, in separate sessions, serve as the governing board of the Authority. As such, this entity is presented on a blended basis. No separate annual financial statements are prepared for the Authority.

Blended Component Units

The **Avenal Public Financing Authority** (the Authority) is a joint exercise of powers authority organized and existing under and pursuant to a Joint Exercise of Powers Agreement dated March 20, 1989. The agreement is between the City and the Authority, and under the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code for the purpose of financing the acquisition of bonds, notes and other obligations to provide financing for public capital improvements to be owned by the City or the Authority. The City Council acts as the governing board of the Authority and is responsible for the Authority's fiscal and administrative activities. The funds of the Authority have been included in the governmental activities of the financial statements.

Basis of Presentation

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The statement of net position and the statement of activities display information about the primary government (the City) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the City's business-type activities and for each of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are included in the program expense reported for individual function. Certain indirect costs, which cannot be identified and broken down, are included in the program expense reported for individual functions and activities. Program revenues include 1) fines, fees, and charges paid by the recipients of goods and services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes are presented instead as general revenues.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated, except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, interfund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated: Due to/Due from Other Funds, Advance to Other Funds/Advance from Other Funds, and Transfers In/Transfer Out.

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

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

The City reports the following major governmental funds:

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The **Avenal Public Financing Authority Debt Service Fund** is used to account for the repayment of debt issued by the Avenal Public Financing Authority.

The **CalHOME Special Revenue Fund** is used to account for CalHOME grant activities.

The **HOME Program Income Special Revenue Fund** is used to account for HOME Investment Partnership loan repayments. Receipts are transferred to the appropriate funds.

The **CDBG Program Income Special Revenue Fund** is used to account for community development block grant loan repayments.

The **HOME Investment Special Revenue Funds** is used for federal HOME Investment Partnership grants activity.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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

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

The City reports the following major proprietary funds:

The **Water Fund** is used to account for financial activity of the water utility system.

The **Sewer Fund** is used to account for the financial activity of the sewage collections wastewater treatment utility system.

The **Solid Waste Fund** is used to account for the financial activity of the solid waste utility system.

The **Street Light Fund** is used to account for the financial activity of the street light system.

The City's fiduciary funds represent agency trust funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency trust funds are accounted for on an *economic resources* measurement focus and accrual basis of accounting.

The City reports the following fiduciary fund:

The **Successor Agency of the Redevelopment Agency** is used to account for assets liabilities of the former redevelopment agency until they are distributed to other units of state and local government as a result of the dissolution of the redevelopment agency.

Measurement Focus Basis of Accounting

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting (Continued)

Governmental Fund Financial Statements – Governmental funds are reported using current financial resources measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect), as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure. In addition, the City applies all FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements, to its business-type activities.

Propriety funds distinguish operating revenues and expenses from non-operating items. Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of each fund. Nonoperating revenues, such as interest income, state and federal grants, and subsidies, result from nonexchange transactions or ancillary activities. Operating expenses include costs for providing services and delivering goods such as administrative expenses and depreciation on capital assets. All other expenses not meeting this definition are reported as non-operating expenses.

Assets, Liabilities and Net Position

Cash and Cash Equivalents

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

All cash and cash equivalents of the proprietary funds are pooled with the City's pooled cash and cash equivalents.

The City follows the practice of pooling the cash from all funds for investment purposes.

Receivables

Proprietary fund receivables are shown net of allowance for uncollectible accounts. All customers are billed monthly. The estimated value of services provided, but unbilled at year-end, has been included in the accompanying financial statements.

Grant and entitlement revenues are recorded as receivables in the funds when all eligibility requirements have been met. The corresponding governmental fund revenues are recorded when they become available, with the differences recorded as deferred revenue. Proprietary fund revenues are recorded as non-operating revenues when the receivables are recorded. Some grant and entitlement revenues are not susceptible to accrual, in which case the corresponding revenues are recorded when received.

The City accrues as receivable all property taxes received during the first sixty (60) days of the new fiscal year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Supplies Inventory and Prepaid Items

Inventory items are recorded as expenditures at the time of purchase. Records are not maintained for inventory and supplies on hand.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Interfund Transactions

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "interfund receivables/payables" (i.e. the current interfund loans) or "advances to/advances from" (i.e. the noncurrent interfund loans). Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at $5,000. The City has chosen not to capitalize the infrastructure in place prior to the adoption of GASB Statement No. 34. Gifts or contributions of capital assets are recorded at fair value when received. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings	10-50 years
Improvements	5-10 years
Machinery and equipment	3-25 years
Infrastructure	15-50 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with this statement, the City has included the value of all infrastructure capital assets acquired since the beginning of the 2003 fiscal year into the current year basic financial statements.

The City defines infrastructure as capital assets that are stationary and have expected useful lives significantly in excess of most capital assets. The assets include the street system, water purification and distribution system, sewer collection and treatment system, parks and recreation improvement, storm water conveyance system, and buildings combined with the site amenities, such as parking and landscaped areas used by the City in the conduct of its business.

Interest Payable

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

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

Unearned Revenue

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Unavailable Revenue

In the fund financial statements, unavailable revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records unavailable revenue for transactions for which revenues have been earned, but for which funds are not available to meet current financial obligations. Typical transactions for which unavailable revenue is recorded are intergovernmental revenues when funding requirements have been met, but the related funding is not yet available.

Compensated Absences Payable

It is the City's policy to permit employees to accumulate a maximum amount of 320 hours of earned or unused vacation and sick leave. Sick leave is accumulated at 8 hours per month for full-time regular employees. Vacation is accumulated at 10 days per year for full-time regular employees with less than five years of service and employees earn an additional day for each year after five years. This amount is included as a liability in the government-wide and proprietary fund financial statements.

Long-Term Debt

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities.

Pensions

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

Property Tax Calendar

Property taxes are assessed, collected and allocated by Kings County throughout the fiscal year according to the following property tax calendar.

Lien Date	January 1
Levy Date	July 1 to June 30
Due Dates	November 1, 1st installment; February 1, 2nd installment
Delinquent Dates	December 10, 1st installment; April 10, 2nd installment

Revenues from taxpayer-assessed taxes (sales and use, business license, transient occupancy, utility users, gas, and franchise fees) are accrued in the governmental funds when they are both measurable and available. The City considers these revenues available if they are received during the period when settlement of prior fiscal year accounts payable occurs. Historically, the majority of these taxes are received within 60 days of the fiscal year-end.

Risk Management

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Classification of Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors, or by laws or regulations of other governments, and restrictions imposed by law through constitutional provisions and enabling legislation. Additionally, this category presents restrictions placed on the categories of capital projects, and specific projects and programs as established by the City Council.

Unrestricted net position – This category consists of all resources that do not meet the definition of "net investment in capital assets" or "restricted net position."

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted resources first and then unrestricted resources as needed.

Fund Balance Classification

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified inventories and prepaid items as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

- Unassigned: This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the City.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Use of Estimates

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

NOTE 2 – CASH AND INVESTMENTS

The City follows the practice of pooling cash and investments in all funds. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on the month-end cash and investment balances.

Summary of Deposits and Investments

A reconciliation of the City's deposit and investment balances as of June 30, 2022 is as follows:

Cash on hand	$	350
Primary government deposits		10,374,243
Local Agency Investment Fund		3,407,917
U.S. government securities		975,480
Total cash and investments	$	14,577,990
Government-Wide:		
Statement of Net Position:		
Cash and investments	$	11,549,583
Cash with fiscal agent		795,480
Fiduciary Funds		2,232,927
Total	$	14,577,990

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

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

Securities of U.S. Government, or its agencies
Certificates of Deposit (or time deposits) placed with commercial banks and/or savings and loan companies
Negotiable Certificates of Deposit
Bankers' Acceptances
Local Agency Investment Fund deposits (state pool)
Repurchase Agreements (Repos)
Passbook savings account demand deposits

Investments Authorized by the Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in Non Issuer
U.S. Treasury Bonds/Bills	None	None	None
U.S. Government Agency Bonds	None	None	None
Negotiable Certificates of Deposit	365 days	None	None
Time Certificates of Deposit	365 days	None	None
Banker's Acceptances	365 days	None	None
Commercial Paper	365 days	None	None
Money Market Fund	None	None	None

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by maintaining funds in liquid, short-term investments which can be converted to cash when necessary to meet disbursement requirements.

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

		Remaining Maturity (in Months)		
Investment Type	Total	12 Months or Less	13 to 60 Months	More than 60 Months
State investment pool	$ 3,405,315	$ 3,405,315	$ -	$ -
Morgan Stanley certificate of deposit with Multi Bank Securities	246,000	-	246,000	-
Held by bond trustee:				
Treasury obligation funds	564,317	564,317	-	-
Total	$ 4,215,631	$ 3,969,631	$ 246,000	$ -

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City does not have any investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City's investments.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required (where applicable) by the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type. The column marked "exempt from disclosure" identifies those investment types for which GASB Statement No. 40 does not require disclosure as to credit risk:

			Rating as of Year-End	
Investment Type	Total	Exempt from Disclosure	AAAm	Not Rated
State investment pool	$ 3,405,315	$ 3,405,315	$	$ -
Morgan Stanley certificate of deposit with Multi Bank Securities	246,000	-	246,000	-
Held by bond trustee:				
Treasury obligation funds	564,317	-	564,317	-
Total	$ 4,215,631	$ 3,405,315	$ 810,317	$ -

NOTE 2 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a city will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterpart (e.g. broker-dealer) to a transaction, a city will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits:

As of June 30, 2022, the carrying amount of the City's bank deposits was $13,752,804. the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

According to California law, the fair value of pledged securities with banking institutions must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgages having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

Local Agency Investment Fund

The City participates in an external investment pool, as defined by the Governmental Accounting Standards Board (GASB) Statement No. 31, by way of its funds on deposit in the Local Agency Investment Fund (LAIF) managed by the State of California Treasurer and is not registered with the Securities and Exchange Commission. These funds are pooled with those of other agencies in the State and invested in accordance with State guidelines. The value of the city's shares in the LAIF that may be withdrawn is determined on an amortized costs basis, which may be different from the fair value of the City's position in the pool. The City's portion of the June 30, 2022 balance was $3,407,915. A breakdown of the investments included in the balance is not available at the balance sheet date.

Investment Valuation

The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Fair value measurements of the City's investments are as follows at June 30, 2022:

Investments	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Morgan Stanley certificate of deposit with Multi Bank Securities	246,000	246,000	-	-
Held by bond trustee:				
Treasury obligation funds	564,317	-	564,317	-
Total	$ 810,317	$ 246,000	$ 564,317	$ -

Treasury obligations categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

NOTE 3 – INTERFUND ACTIVITIES

Interfund balances for the purpose of the government-wide statements have been eliminated. The composition of interfund balances in the fund level statements as of June 30, 2022 is as follows:

Interfund Receivables/Payables

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2022, the interfund balances are as follows:

Due to Fund	Due from Fund	Amount
None	None	-
	Total	$ -

Long-Term Interfund Advances

At June 30, 2022, the funds below have made advances that were not expected to be repaid in one year or less.

Advances From	Advances To	Amount
Avenal Public Financing Authority Debt Service Fund	Water Fund	$ 3,305.000
	Total	$ 3,305,000

Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has made expenditures on behalf of another fund. Current year transfers included activity to recognize the refunding of debt. Transfers in and out consisted of the following as of June 30, 2022:

	Transfers In	Transfers Out	Reasons
Major Funds:			
Governmental funds:			
General Fund	$ -	$ 275,392	Capital assets from capital improvement projects and 20% Cost of Refuse Service to Residents
Other governmental funds:			
CDBG Program Income Special Revenue Fund		-	
Capital Improvement Project Fund		-	
Enterprise funds:			
Water Fund	275,392	-	20% Cost of Refuse Service to Residents
Sewer Fund	-	-	
Total	$ 275,392	$ 275,392	

NOTE 4 – NOTES RECEIVABLE

On October 3, 2007, the City entered into an agreement with Avenal Sand Drags Association for the sale of land that includes the sand drag tracks with a sales price of $68,000 payable to the City. In 2014, the City approved an addendum to the agreement. The terms of the revised agreement call for five annual interest only payments commencing September 18, 2014, followed by 10 annual principal payments of $6,800 each, together with accrued interest commencing on September 18, 2019. The interest is a 5% fixed rate, simple interest. If the City determines that the sand drags tracks and/or other use conducted by Avenal Sand Drags Association are no longer in the best interest of the City, the City retains the right to repurchase the property for the original sales price. As of June 30, 2022, the balance of this note receivable was $68,000.

NOTE 5 – HOUSING LOANS RECEIVABLE

The housing grant funds expended are recorded as expenditures in the year the loans are made to participants even though the amounts will be recovered as the loans are paid. The City maintains detailed records of these loans and records loan principal and interest payments as program revenues in the year that such payments are received. Loans which have monthly/annual activity are “performing” loans and are included as receivables and unavailable revenue. Such loans totaled $32,410 as of June 30, 2021. Deferred payment loans are not required to be paid back until the participating homeowner sells, transfers title to the property, or discontinues residence in the dwelling, at which time the full amount of the deferred loan is due. Deferred payment loans are “non-performing” loans that are also recorded as receivables and unavailable revenue. Such loans totaled $12,191,210 as of June 30, 2021.

NOTE 6 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure additions as of the beginning of the 2002-03 fiscal year in the government-wide statement of net position. The City elected to use the basic approach whereby accumulated depreciation and depreciation expense have been recorded. The following tables present summary information on capital assets:

	Balances July 1, 2021	Increases	Decreases	Balances June 30, 2022
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 1,131,602	$ -	$ -	$ 1,131,602
Construction in progress	65,671	1,620,935	(1,660,818)	65,671
Total capital assets not being depreciated	1,197,273	1,620,935		1,197,273
Capital assets being depreciated:				
Buildings and improvements	12,190,674	253,612	-	12,190,674
Machinery and equipment	4,636,063	51,654	-	4,636,063
Infrastructure	27,200,172	1,407,206	-	27,200,172
Total capital assets being depreciated	44,026,909	1,712,472	-	44,026,909
Less accumulated depreciation for:				
Buildings and improvements	(3,824,348)	(303,493)	-	(3,824,348)
Machinery and equipment	(3,431,792)	(268,727)	-	(3,431,792)
Infrastructure	(16,705,100)	(786,359)	-	(16,705,100)
Total accumulated depreciation	(23,961,240)	(1,358,579)	-	(23,961,240)
Total capital assets being depreciated, net	20,065,669	353,893	-	20,065,669
Governmental activities capital assets, net	$ 21,262,942	$ 1,974,828	$ (1,660,818)	$ 21,262,942

Depreciation expense on capital assets was charged to the governmental functions as follows:

General government	$ 299,406
Community development	-
Parks and recreation	176,790
Highway and streets	725,116
Public safety	105,186
Public works	52,081
Total	$ 1,358,579

NOTE 6 – CAPITAL ASSETS (Continued)

	Balances July 1, 2021	Increases	Decreases	Balances June 30, 2022
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 101,000	$ -	$ -	$ 101,000
Construction in progress	1,571,188	$ 937,974	-	1,571,188
Total capital assets not being depreciated	1,672,188	937,974	-	1,672,188
Capital assets being depreciated:				
Buildings and improvements	7,939,279	-	-	7,939,279
Machinery and equipment	1,530,427	-	-	1,530,427
Utility system	-	-	-	-
Infrastructure	21,732,064	-	-	21,732,064
Total capital assets being depreciated	31,201,770	-	-	31,201,770
Less accumulated depreciation for:				
Buildings and improvements	(4,725,302)	(164,941)	-	(4,725,302)
Machinery and equipment	(1,216,554)	(54,639)	-	(1,216,554)
Utility system	-	-	-	-
Infrastructure	(14,238,215)	(447,196)	-	(14,238,215)
Total accumulated depreciation	(20,180,071)	(666,776)	-	(20,180,071)
Total capital assets being depreciated, net	11,021,699	(666,776)	-	11,021,699
Business-type activities capital assets, net	$ 12,693,887	$ 271,198	-	12,693,887
Total capital assets	$ 33,956,829	$ 2,246,026	$ -	$ 33,956,829

Depreciation expense on capital assets was charged to the business-type functions as follows:

Water	$ 496,868
Sewer	141,949
Solid Waste	-
Streetlight	27,959
Total	$ 666,776

NOTE 7 – DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement also amends the net asset reporting requirements and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	CalHome Special Revenue Fund	HOME Program Income Special Revenue Fund	CDBG Program Income Special Revenue Fund	Total
CalHOME loans	$ 2,500,124	$ -	$ -	$ 2,500,124
HOME loans	-	5,435,801	-	5,435,801
CDBG loan	-	-	3,868.038	3,868,038
Total	$ 2,500,124	$ 5,435,801	$ 3,868,038	$ 11,803,963

NOTE 8 – OPERATING LEASES

Rental Expense

The City entered into two lease agreements effective May 1, 2015 with Stanton Office Machine Company to lease copiers for City Hall and the Police Department. The City Hall copy machine lease is payable for 60 months with payments of $363 per month plus applicable taxes. The City Hall copy machine lease has a separate maintenance agreement, recorded as an expense at $115 per month plus applicable taxes. The Police Department copy machine lease is also payable for 60 months with payments of $218 per month plus applicable taxes. The Police Department copy machine lease also has a separate maintenance agreement, recorded as an expense at $155 per month plus applicable taxes.

The City entered into a lease agreement effective March 1, 2015 with Avaya Financial Services to lease telephone equipment for City Hall. The telephone equipment lease is payable for 60 months with payments of $177 per month plus applicable taxes..

Lease Between the City of Avenal and the Avenal Hospital District

A lease memorandum between the City of Avenal (the City) and the Avenal Hospital District (the District) provides for a below market rental rate of $1 per year from July 8, 2010 to December 31, 2015. There are two one-year options to renew the lease on the same terms and conditions. Although the Hospital District is a legal entity, there are no hospital services or operations at this facility. Part of the operations of the Avenal Police Department occupy this facility.

At the end of April 2018, a Joint Powers Agreement was signed which created the City of Avenal Operating Authority (CAOA). The members of this CAOA are the City of Avenal and the Avenal Hospital District (District).

The City of Avenal Police Department is granted continued use of the property at 317 Alpine Street in Avenal, on the same terms as the current lease agreement dated July 8, 2010, including Addendum No. 1 dated December 10, 2015, for a period of fifty years. The City shall pay rent to the CAOA at $1 per year.

The City is responsible for management of the property, can charge the District for allocated staff time, and handles District funds to pay obligations. Also, the City does not assume any District obligations, holds the City harmless and indemnifies the City for claims related to District debt.

NOTE 9 – COMPENSATED ABSENCES

The City's policy relating to compensated absences is described in Note 1. As shown in the table below, the long-term portion of this debt, amounting to $68,238 for business- type activities at June 30, 2022 is expected to be paid in future years from future resources. In prior years, compensated absences have been liquidated primarily by the general fund and the proprietary funds.

	Balance July 1, 2021	Incurred	Satisfied	Balance June 30, 2022	Amounts Due Within One Year	Amounts Due in More Than One Year
Governmental Activities:						
Compensated absences	$ 147,766	$ 113,747	$ (154,161)	$ 147,766	$ 147,766	$ -
Business-Type Activities:						
Compensated absences	$ 96,632	$ 39,101	$ (38,927)	$ 96,632	$ 28,394	$ 68,238

NOTE 10 – LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for governmental activities for the year ended June 30, 2022:

	Balance July 1, 2021	Incurred or Issued	Satisfied or Matured	Balance June 30, 2022	Amounts Due Within One Year	Amounts Due in More Than One Year
Governmental Activities:						
Revenue bonds	$ 5,195,000	$ -	$ (410,000)	$ 4,785,000	$ 425,000	$ 4,360,000
Total governmental activities	$ 5,195,000	$ -	$ (410,000)	$ 4,785,000	$ 425,000	$ 4,360,000

Revenue Bonds

2005 Avenal Public Financing Authority Revenue Bonds

In September 2005, the City issued $9,660,000 in revenue bonds. The bonds refinance the 1997 Avenal Public Financing Authority Refunding Revenue Bonds. The bonds authorized and issued have stated interest rates for each payment starting at 2.875% per annum and increasing annually to prescribed increments not exceeding .5% through the term of the bonds to a maximum of 5.0% per annum. The interest rate at June 30, 2021 was 4.375% per annum. These bonds are special obligations of the Authority and are payable solely from Public Finance Authority revenues. The Public Financing Authority maintains $658,440 as a minimum reserve for the authorized bonds. Below is a schedule of remaining debt service:

	2005 Avenal Public Financing Authority Refunding Revenue Bonds		
Fiscal Years Ending	Principal	Interest	Total
2022	410,000	246,350	656,350
2023-2027	2,330,000	723,613	3,053,613
2028-2032	1,075,000	484,375	1,559,375
2033-2037	1,380,000	179,500	1,559,500
Totals	$ 5,195,000	$ 1,633,838	$ 6,828,838

NOTE 11 – PENSION PLAN

A. General Information about the Pension Plans

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City of Avenal's (City) sponsors four rate plans (two miscellaneous and two safety.) Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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

The rate plan provisions and benefits in effect at June 30, 2022 are summarized as follows:

	Miscellaneous 1st Tier	Miscellaneous PEPRA
Hire date	Prior to January 1, 2013	On or after January1,2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 66	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	2.0%
Required employee contribution rates	7.0%	6.75%
Required employer contribution rates	10.340%	67.590%
Unfunded accrued liability	$157,158	$4,942

	Safety 1st Tier	Safety PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.0%	13.0%
Required employer contribution rates	20.640%	13.130%
Unfunded accrued liability	$53,242.92	$6,929

NOTE 11 – PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

Beginning in fiscal year 2019, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was $150,061 for the fiscal year ended June 30, 2022.

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

The City's contributions to the plan for the year ended June 30, 2022 were $608,070.

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

As of June 30, 2022, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of $1,629,805.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

	Total
Proportion - June 30, 2020	0.0315%
Proportion - June 30, 2021	0.0301%
Change - Increase/(Decrease)	-0.0014%

For the year ended June 30, 2022, the City recognized pension expense of $565,987. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 623,994	$ -
Changes in assumptions	-	-
Differences between actual and expected experience	285,145	-
Net differences between projected and actual earnings on plan investments	-	1,666,852
Changes in employer's proportions	180,534	-
Differences between the employer's actual contributions and the employer's proportionate share of contributions	104,259	83,669
Total	$ 1,193,932	$ 1,750,521

NOTE 11 – PENSION PLAN (Continued)

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

$608,070 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, 2022. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30		
2023	$	(154,091)
2024		(230,155)
2025		(336,227)
2026		(460,110)
Thereafter		-

C. Actuarial Assumptions

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

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15%[2]
Mortality	Derived using CalPERS' Membership Data for all Funds[3]

[1] Depending on age, service and type of employment
[2] Net of pension plan investment expenses, including inflation
[3] The mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

Change of Assumptions **–**In Fiscal Year 2016-17, the financial reporting discount rate for the PERF C was lowered from 7.65 percent to 7.15 percent. In December 2016, the CalPERS Board approved lowering the funding discount rate used from 7.50 percent to 7.00 percent, which is to be phased-in over a three-year period (7.50 percent to 7.375 percent, 7.375 percent to 7.25 percent, and 7.25 percent to 7.00 percent) beginning with the June 30, 2016 valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

NOTE 11 – PENSION PLAN (Continued)

D. Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the discount rate assumed that contributions from plan numbers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1-10[(a)]	Real Return Years 11+[(b)]
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	(0.92%)
Total	100%		

[(a)] An expected inflation of 2.0% used for this period

[(b)] An expected inflation of 2.92% used for this period

NOTE 11 – PENSION PLAN (Continued)

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

	Discount Rate is -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Miscellaneous Plan	3,099,264	1,323,696	(11,252)
Safety Plan	716,715	306,109	(163,657)
Total	$ 3,815,979	$ 1,629,805	$ (174,909)

E. Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

F. Payable to the Pension Plan

The City did not have a payable for the outstanding number of contributions to the pension plan for the year ended June 30, 2022.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

A. Plan Description

The City provides a self-funded, single employer, defined benefit plan to provide medical coverage for all eligible active and retired City employees. Retirees are currently covered by the CalPERS medical program as permitted under the Public Employees Medical and Hospital and Care Act (PEMHCA). As such, the City is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. This coverage is available for employees who satisfy the requirements for retirement under CalPERS (attained age 50 with 5 years of State or public agency service or approved disability retirement). An employee cannot terminate employment before meeting the age condition and be entitled to receive benefits.

B. Funding Policy

The City funds the benefits on a pay-as-you-go basis. The City's contribution for each employee shall be the amount necessary to pay the full cost of an employee's enrollment in a health benefit plan. Dependent coverage is available but, if selected, is paid by the employee. A covered spouse who survives the retiree, if entitled to survivor benefits under the CalPERS retirement program, may continue coverage and receive the premium subside for the remainder of his or her lifetime as well, provided they apply for benefits within 60 days of the employee's death.

C. Employees Covered

As of the June 30, 2022 actuarial valuation, the following current and former employees were covered by the benefit terms under the HC Plan:

Active	49
Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees entitled to, but not yet receiving benefits	0
Total	64

D. Contributions

The required contribution is based on projected pay-as-you-go financing requirements. For the measurement date ended June 30, 2022, the City's cash contributions were $128,075 in total payments, which were recognized as a reduction to the OPEB liability.

E. Change in Assumptions

The discount rate decreased from 2.79 percent at June 30, 2019 to 2.66 percent at June 30, 2020, resulting in a change in assumption in the amount of $405,863.

F. Discount Rate

The discount rate used was based on the Bond Buyer 20-bond General Obligation index. At June 30, 2021, the rate is 2.63 percent. The City does not prefund any portion of the OPEB liability; the funding is a "pay-as-you-go" method.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

G. Total OPEB Liability

Because the City has not contributed to a qualifying trust, the fiduciary net position of the plan is $0 and the net OPEB liability is by definition equal to the total OPEB liability. The City's total OPEB liability of $17,897,997 was based on an actuarial valuation as of June 30, 2021, a measurement date of June 30, 2021, and a discount rate of 2.18 percent. The results of the June 30, 2022 actuarial valuation were used to determine the total OPEB liability as of the June 30, 2022 measurement date, without adjustment.

The total OPEB liability was determined using an actuarial valuation as of June 30, 2021, using the following actuarial assumptions.

Actuarial Valuation Date	6/30/2021
Contribution Policy	Pay-as-you-go
Actuarial Cost Method	Entry Age Normal Cost, Level Percent of Pay
Discount Rate	2.18% at June 30, 2021 (Bond Buyer 20 Index) 2.66% at June 30, 2020 (Bond Buyer 20 Index)
General Inflation	2.5% per annum
Mortality, Disability, Termination, Retirement	CalPERS 2021 Experience Study
Mortality Improvement	MacLeod Watts Scale 2022
Salary Increases	3% per year
Medical Trend	4.9% in 2023 decreasing to 4.8% in 2025 and later
Healthcare Participation at Retirement	Active employees and current retirees: 100% for the member's lifetime
Spouse Participation	75% are assumed to be married participants who will choose to cover a spouse in retirement
Medical Plan at Retirement	Active employees and current retirees under age 65: Coverage is assumed to continue in the medical plan offered by the City until age 65. Current Medicare-eligible retirees: Those currently covered by a supplemental plan are assumed to remain in that plan until the retiree's death.

H. Changes in the OPEB Liability

The components of the City of Avenal's total OPEB liability as of June 30, 2022, were as follows:

		Total OPEB Liability
Balance at 6/30/21*	$	16,761,234
Changes for the year:		
Service cost		1,290,837
Interest		477,242
Assumption changes		(409,970)
Benefit payments and refunds		(221,346)
Net Changes		1,136,763
Balance at 6/30/21**	$	17,897,997

*Measurement date 6/30/20
**Measurement date 6/30/21

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

I. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

	Current - 1% 1.18%	Current 2.18%	Current + 1% 3.18%
Total OPEB Liability	$ 21,388,178	$ 17,897,997	$ 15,157,988

J. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

	Current - 1%	Current Trend	Current + 1%
Total OPEB Liability	$ 14,695,662	$ 17,897,997	$ 22,150,641

K. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

As of fiscal year, ended June 30, 2022, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	$ 217,172	$ -
Difference Between Expected and Actual Experience	$ 554,422	$ 3,065,413
Changes of assumptions	2,292,296	618,580
Total	$ 3,063,890	$ 3,683,993

The City will recognize the Deferred contribution in the next fiscal year. In addition, future recognition of these deferred resources is shown below.

Fiscal Year Ended June 30	Deferred Outflows/ (Inflows) of Resources
2023	$ (129,950)
2024	(129,950)
2025	(129,950)
2026	(129,950)
2027	(129,950)
Thereafter	(187,525)

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks and losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Risk of loss is primarily handled through the Central San Joaquin Valley Risk Management Authority (CSJVRMA). CSJVRMA is a consortium of cities for workers' compensation programs and the pooled liability program in the San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et. seq. CSJVRMA is governed by a Board of Directors which meets three to four times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by CSJVRMA.

CSJVRMA provides $4,500,000 coverage limits in excess of the retained limit of $500,000 and also participates in the California Association of Counties Excess Insurance Authority (CSAC-EIA) for coverage in excess of $5,000,000 up to the statutory limit.

Under the pooled liability program, expected claims are actuarially determined and deposited with CSJVRMA along with all estimated operating costs. Each year is retrospectively adjusted five years following its conclusion and any funds remaining are returned to the City. Likewise, funds paid out in excess of the City's original deposit are collected from the City. The risk sharing pool covers the first $1,000,000 of losses. CSJVRMA is a member of the California Affiliated Risk Management Authorities (CARMA), which provides coverage in excess of the retained limit up to $29,000,000.

The latest financial information and the most current information available for CSJVRMA for the fiscal year ended June 30, 2022:

Total assets	$	150,837,823
Total liabilities		118,663,929
Member's equity	$	32,173,894
Total revenues	$	66,885,024
Total expenses		47,584,363
Excess of income (loss) over expenses	$	19,300,661

At the termination of the joint powers agreement and after all claims have been settled, any excess or deficit will be divided among the cities in accordance with governing documents.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

General Liability

There are various claims and legal actions pending against the City for which no provision has been made in the financial statements. In the opinion of City Management, liabilities arising from these claims and legal actions, if any, will not be material to these financial statements.

Federal Awards and Grants

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

Landfill

The City entered into a lease agreement with Madera Disposal Systems, Inc., a California Corporation. Madera Disposal Systems, Inc. will lease the City's landfill site. They will assume all liabilities associated with the landfill and in return they will pay the City a set rental fee plus $30 per ton of waste accepted over 300 tons daily. The City will also have a guaranteed rate on tipping fees for City waste. The lease is for the permitted life on the landfill which ends in year 2029.

NOTE 15 – DEFICIT FUND EQUITY

The following funds had deficit fund balances as of June 30, 2022:

Governmental Funds:	
Nonmajor Funds:	
Tire Amnesty Special Revenue Fund	$ -
Community Development Block Grant Fund	-
Water Trans Line Grant Fund	4,169
Avenal City Operating Authority	-

NOTE 16 – SUCCESSOR AGENCY TRUST FUND

On January 26, 2013, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Assembly Bill 1X26 as part of City Resolution Number 2013-11.

Under the control of an oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution of the redevelopment agency (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies are only allocated revenue in the amount that is necessary to pay estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue favorably for the City.

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

Long-Term Debt

Long-term debt reported in the Successor Agency Trust Fund at June 30, 2022 was comprised of the following:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
Avenal 2005 Refunding Revenue Bond	$ 5,195,000	$ -	$ (410,000)	$ 4,785,000	$ 425,000

2005 Avenal Public Finance Authority Refunding Revenue Bonds

In September 2005, the Agency issued $4,585,000 in Refunding Revenue Bonds. The proceeds were used to refinance the 1997 Tax Allocation Bonds. The bonds authorized and issued have stated interest rates for each payment starting at 2.875% per annum and increasing annually in prescribed increments not exceeding .5% through the term of the bonds to a minimum of 5.0% per annum. The interest rate at June 30, 20221, was 4.375% per annum. The 2005 Revenue Refunding Bonds are repaid from the property tax revenues collected on properties within the redevelopment project area. The debt agreement requires a reserve account to be held by the trustee. Interest earned on the reserve account is applied to the interest owed.

NOTE 16 – SUCCESSOR AGENCY TRUST FUND (Continued)

Long Term Debt (Continued)

Annual debt service requirements to maturity for the Avenal 2005 Revenue Refunding Bonds are as follows:

Fiscal Years Ending	Principal	Interest	Total
2020	$ 235,000	$ 100,491	$ 335,491
2021	250,000	89,850	349,850
2022-2026	1,415,000	261,700	1,676,700
2027	325,000	8,125	333,125
Total	$ 2,225,000	$ 460,166	$ 2,695,166

NOTE 17 – SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19), a global pandemic recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closing of businesses and shelter in place orders for all but those essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. As a result, the outbreak has caused uncertainty in the financial markets. Although many of the City of Avenal's services are considered essential, City Hall was closed to the public, certain other services transitioned to online-only and because the City's major revenue sources, including businesses that collect sales taxes, are directly impacted by these events, it is probable that this matter will negatively impact the City. However, the ultimate financial impact and duration cannot be estimated at this time.

NOTE 18 – PRONOUNCEMENTS

(1) New Accounting Pronouncements Adopted

Governmental Accounting Standards Board Statement No. 95

In May 2020, the GASB issued Statement No. 95 *Postponement of The Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions pronouncements are postponed by one year.

(2) New Accounting Pronouncements Not Yet Adopted

Governmental Accounting Standards Board Statement No. 91

The GASB has issued Statement No. 91, "Conduit Debt Obligations." The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2023.

Governmental Accounting Standards Board Statement No. 94

The GASB has issued statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into PPPs and APAs and by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2023.

Governmental Accounting Standards Board Statement No. 96

The GASB has issued statement No. 96, "Subscription-Based Information Technology Arrangements". The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2023.

Governmental Accounting Standards Board Statement No. 97

The GASB has issued statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". The primary objectives of this Statement are to (a) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (b) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (c) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF AVENAL
REQUIRED SUPPLEMENTARY
SCHEDULE OF CHANGES IN THE CITY'S NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2022

Fiscal Year Ending	**2022**	**2021**	**2020**
Measurement Date	06/30/2021	06/30/2020	06/30/2019
Discount Rate on the Measurement Date	2.18%	2.66%	2.79%
Total OPEB Liability			
Service Cost	$ 1,290,837	$ 1,208,894	$ 1,233,237
Interest	477,242	446,550	451,093
Changes of Benefit terms	-	-	-
Differences between expected and actual experience	(1,822,913)	-	(1,196,200)
Changes of assumptions	1,412,943	405,863	587,529
Benefit payments	(221,346)	(193,126)	(173,385)
Net change in total OPEB liability	1,136,763	1,868,181	902,274
Total OPEB liability - beginning	16,761,234	14,893,053	13,990,779
Total OPEB liability – ending (a)	17,897,997	16,761,234	14,893,053
Plan fiduciary net position – beginning	-	-	-
Plan fiduciary net position – ending (b)	-	-	-
Net OPEB liability – ending (a) – (b)	$ 17,897,997	$ 16,761,234	14,893,053
Covered-employee payroll	3,152,374	3,535,941	3,670,844
Net OPEB liability as a % of covered-employee	567.76%	474.02 %	405.71%

CITY OF AVENAL
REQUIRED SUPPLEMENTARY
PROPORTIONATE SHARE OF NET PENSION
LIABILITY LAST TEN YEARS*

		2018	2019	2020	2021	2022
Proportion of the net pension liability		0.0290%	0.0292%	0.0303%	0.0315%	0.0301%
Proportionate share of the net pension liability	$	2,880,505	2,813,825	3,104,329	3,424,165	1,629,805
Covered payroll	$	2,284,031	2,696,343	3,138,337	3,343,431	2,903,782
Proportionate share of the net pension liability as percentage of covered payroll		126.11%	104.36%	98.92%	105.57%	56.13%
Plan fiduciary net position as a percentage of the total pension liability		76.08%	78.10%	77.60%	77.32%	89.17%

NOTES TO SCHEDULE

Changes in Benefit Terms - None

Changes in Assumptions - None

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF AVENAL
REQUIRED SUPPLEMENTARY
SCHEDULE OF CONTRIBUTIONS
LAST TEN YEARS*

		2018	2019	2020	2021	2022
Actuarily required contribution (actuarially determined)	$	439,707	515,718	600,802	608,070	623,994
Contributions in relation to the actuarially determined contributions		439,707	515,718	600,802	608,070	623,994
Contribution deficiency (excess)	$	-	-	-	-	-
Covered payroll	$	2,696,343	3,138,337	3,243,431	2,903,782	2,832,818
Contributions as a percentage of covered		16.31%	16.43%	18.52%	20.94%	22.03%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF AVENAL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amount			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	$ 2,353,908	$ 2,353,908	$ 2,475,421	$ 121,513
Other taxes	773,232	773,232	722,229	(51,003)
Intergovernmental revenues	211,881	211,881	176,644	(35,237)
Charges for services	135,703	135,703	136,700	997
Licenses and permits	329,280	329,280	348,401	19,121
Fines and penalties	20,967	20,967	16,995	(3,972)
Investment income	14,000	14,000	12,361	(1,639)
Rent	754,175	754,175	649,738	(104,437)
Other revenue	127,641	127,641	176,051	48,410
Total revenues	4,720,788	4,720,788	4,714,540	(6,248)
EXPENDITURES				
Current services:				
General government	194,915	194,915	892,159	(697,244)
Building regulations	65,475	65,475	257,416	(191,941)
Community development	138,875	138,875	128,391	10,484
Public safety:				
Law enforcement	1,607,464	1,607,464	3,156,089	(1,548,625)
Animal control	120,200	120,200	242,568	(122,368)
Parks and recreation	256,450	256,450	675,088	(418,638)
Capital outlay:				
General government	82,500	82,500	37,384	45,116
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Public safety:				
Law enforcement	-	-	-	-
Animal control	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	2,465,879	2,465,879	5,389,095	(2,923,216)
Excess (deficiency) of revenues over (under) expenditures	2,254,909	2,254,909	(674,555)	(2,923,216)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ -	$ -
Transfers out	-	-	(28,302)	(28,302)
Total other financing sources (uses)	-	-	(28,302)	(28,302)
Net change in fund balances	2,254,909	2,254,909	(702,857)	(2,957,766)
Fund balance - beginning	3,365,804	3,365,804	3,365,804	-
Prior period adjustment	-	-	-	-
Fund balance - ending	$ 5,620,713	$ 5,620,713	$ 2,662,947	$ (2,957,766)

CITY OF AVENAL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (GAAP BASIS) AND ACTUAL
CalHOME SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental revenues	$ -	$ -	$ -	$ -
Investment income	-	-	86	86
Loan repayments	-	-	3,863	3,863
Total revenues	-	-	3,949	3,949
EXPENDITURES				
Current services:				
Community development	-	-	4,778	(4,778)
Total expenditures	-	-	4,778	(4,778)
Excess (deficiency) of revenues over (under) expenditures	-	-	(829)	(829)
OTHER FINANCING SOURCES (USES)				
	$ -	$ -	$ -	$ -
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(829)	(829)
Fund balance - beginning	64,586	64,586	64,586	-
Fund balance - ending	$ 64,586	$ 64,586	$ 63,757	$ (829)

CITY OF AVENAL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (GAAP BASIS) AND ACTUAL
HOME PROGRAM INCOME SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amount			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	$ -	$ -	$ 89	$ 89
Loan repayments	-	-	(250)	(250)
Total revenues	-	-	(161)	(161)
EXPENDITURES				
Transfers in	-	-	-	-
Community development	-	-	145,295	(145,295)
Net change in fund balances	-	-	(145,456)	(145,456)
Fund balance - beginning	205,269	205,269	205269	-
Fund balance - ending	$ 205,269	$ 205,269	$ 59,813	$ (145,456)

CITY OF AVENAL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET (GAAP BASIS) AND ACTUAL
CDBG PROGRAM INCOME SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amount			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Investment income	$ -	$ -	$ 26	$ 26
Loan repayments	-	-	(880)	(880)
Total revenues	-	-	(854)	(854)
EXPENDITURES				
Community development	-	-	350	(350)
Total expenditures	-	-	350	(350)
Excess (deficiency) of revenues over (under) expenditures	-	-	(1,204)	(1,204)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ -	$ -
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(1,204)	(1,204)
Fund balance - beginning	-	-	306,326	306,326
Fund balance - ending	$ -	$ -	$ 305,122	$ 305,122

CITY OF AVENAL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET (GAAP BASIS) AND ACTUAL
HOME INVESTMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amount			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental revenues	$ -	$ -	$ -	$ -
Investment income	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current services:				
Community development	189,824	189,824	-	189,824
Total expenditures	189,824	189,824	-	189,824
Excess (deficiency) of revenues over (under) expenditures	(189,824)	(189,824)	-	189,824
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ -	$ -
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(189,824)	(189,824)	-	189,824
Fund balance - beginning	446	446	446	-
Fund balance - ending	$ (189,378)	$ (189,378)	$ 446	$ 189,824

NOTE 1 – BUDGETARY INFORMATION

The City follows these procedures annually in establishing the budgetary data reflected in the budgetary comparison schedules:

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.

2. The City Council reviews the proposed budget at specially scheduled sessions, which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.

3. Prior to June 1, the budget is legally adopted through passage of a resolution. This budget is reported as an Original Budget in the budgetary comparison schedules.

4. During the fiscal year, changes to the adopted budget may be authorized as follows:

    a) Items requiring City Council action – appropriation of fund balance revenues, transfers of appropriations between funds, appropriation of any non-departmental revenue, new interfund loans or advances, and creation of new capital projects or increases to existing capital projects.

    b) Items delegated to the City Manager – transfers between departments within funds, appropriation of unbudgeted departmental revenues, and approval of transfers which increase salary and benefit appropriations.

    c) Item delegated to department head – allocation of departmental appropriations to line-item level.

5. Formal budgetary integration is employed as a management tool for all funds. Annual budgets are legally adopted and amended as required for the general, special revenue or enterprise funds. Project length budgets are adopted for the capital projects funds. All budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP), and budgetary comparisons for the general and major special revenue funds are presented on that basis in the required supplementary information. A debt service payment schedule for the debt service fund is also approved as part of the budget process.

6. Budget amounts are reflected after all authorized amendments and revisions. This budget is reported as the Final Budget in the budgetary comparison schedules.

7. For each legally adopted operating budget, expenditures may not exceed budgeted appropriations at the activity level. The legal appropriation basis is at the level called “department”. A “department” for legal appropriation purposes may be a single organization, or an entire department having multiple organizations with the same fund, or an entire fund.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Local Transportation Funds
To account for Local Transportation Fund tax revenue restricted to street maintenance and construction.

Tire Amnesty Special Revenue Fund
To account for CalRecycle grant funding for the cost of cleanup, abatement and other actions related to the disposal of waste tires at cleanup projects and amnesty events.

Gas Tax Special Revenue Fund
To account for the City's apportioned share of revenue assessed by the State of California on the sale of gasoline in the State. The funds are to be used exclusively for maintenance and improvement of the City's streets and roads.

Community Development Block Grant Funds
To account for annual federal grants that provide for development of a viable urban community by providing suitable housing, principally for low and moderate-income residents.

Parks and Recreation Grants Funds
To account for expenditures of the park and recreation grants from the State of California.

Capital Projects Funds
To account for financial resources to be used for the acquisition or construction of major capital facilities and improvements (other than those financed by proprietary funds).

Capital Improvement Project Fund
To accumulate revenues to fund specific projects designated by the City Council.

Avenal City Operating Authority Fund
To account for the financial resources to be used in the management of the Ken Brown Public Safety Center.

CITY OF AVENAL
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTALFUNDS
JUNE 30, 2022

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	$ 2,043,333	$ 9,717	$ 2,053,050
Receivables:			
Intergovernmental	885,223	-	885,223
Total assets	$ 2,928,556	$ 9,717	$ 2,938,273
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 95,868	$ -	$ 166,849
Interfund payables	-	-	-
Total liabilities	95,868	-	166,849
Fund balances:			
Restricted for:			
Highways and streets	1,846,726	-	1,846,726
Community development	1,895,290	-	1,895,290
Committed:			
Capital projects	-	9,703	9,703
Unassigned	22,597	-	22,597
Total fund balances	3,764,613	9,703	3,774,316
Total liabilities and fund balances	$ 3,860,481	$ 9,703	$ 3,870,184

CITY OF AVENAL
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTALFUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental revenues	$ 1,630,922	$ -	$ 1,630,922
Investment income	1,345	7	1,352
Rents	3,300	-	3,300
Miscellaneous1	-	-	-
Total revenues	1,635,567	7	1,635,567
EXPENDITURES			
Current:			
General government	37,481	-	37,481
Community development	49,200	-	49,200
Parks and recreation	-	-	-
Highways and streets	467,802	-	467,802
Capital outlay:			
Parks and recreation	-	-	-
Highways and streets	63,271	-	63,271
Total expenditures	617,754	-	617,754
Excess (deficiency) of revenues over (under) expenditures	1,017,813	7	1,017,820
OTHER FINANCING SOURCES (USES)			
Transfers out	(347,303)	-	(347,303)
Total other financing sources (uses)	(347,303)	-	(347,303)
Net change in fund balances	670,510	7	670,517
Fund balances - beginning	3,398,863	9,709	3,408,572
Prior year adjustments	-	-	-
Fund balances - ending	$ 4,069,373	$ 9,716	$ 4,079,089

CITY OF AVENAL
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Local Transportation	Tire Amnesty	Gas Tax Fund	Community Development Block Grant Funds	Parks and Recreation	Water Trans Line Grant Funds	Avenal City Operating Authority	Totals
ASSETS								
Cash and investments	$ 350,848	$ -	$ 1,728,931	$ -	$ 126,042	$ (82,617)	$ (79,871))	$ 2,043,333
Receivables:								-
Intergovernmental	650,735	-	211,272	-	-	23,216	-	885,223
Total assets	$ 1,001,583	$ -	$ 1,940,203	$ -	$ 126,042	$ (59,401)	$ (79,871)	$ 2,928,556
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ -	$ -	$ 40,033	$ -	$ -	$ 50,200	$ 1,635	$ 95,868
Interfund payables	$ -	-	-	-	-	-	-	-
Total liabilities	-	-	40,033	-	-	50,200	1,635	95,868
Fund balances:								
Restricted:								
Highways and streets	1,846,726	-	-	-	-	-	-	1,846,726
Community development	-	-	1,895,290	-	-	-	-	1,895,290
Unassigned	-	-	-	-	108,275	(4,169)	(81,509)	22,597
Total fund balances	1,846,726	-	1,895,290	-	108,275	(4,169)	(81,509)	3,764,613
Total liabilities and fund balances	$ 1,846,726	$ -	$ 1,939,323	$ -	$ 108,275	$ 46,031	$ (79,874)	$ 3,860,481

CITY OF AVENAL
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Local Transportation	Tire Amnesty	Gas Tax Fund	Community Development Block Grant Funds	Parks and Recreation	Water Trans Line Grant Funds	Avenal City Operating Authority	Totals
REVENUES								
Intergovernmental revenues	$ 582,097	$ -	$ 812,284	$ -	$ -	$ 226,906	$ -	$ 1,630,922
Investment income	617	-	728	-	9,635	-	-	1,345
Rents	-	-	-	-	-	-	3,300	3,300
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	582,714	-	813,012	-	9,635	226,906	3,300	1,635,567
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	37,481	37,481
Community development	-	-	-	-		49,200	-	49,200
Parks and recreation	-	-	-	-	-	-	-	-
Streets	8,300	-	459,502	-	-	-	-	467,802
Capital outlay:								
Parks and recreation	-	-		-	-	-	-	-
Streets	-	-	97,921	-	-	(34,650)	-	63,271
Total expenditures	8,300	-	557,423	-	0	14,550	37,481	617,754
Excess (deficiency) of revenues over (under) expenditures	574,414	-	255,589	-	9,635	212,356	(34,181)	1,017,813
OTHER FINANCING SOURCES (USES)								
Transfer In	-	-	-	-	-	-	-	-
Transfer Out	-	-	-	-	-	(347,303)	-	-
Total other financing sources (uses)	-	-	-	-	-	(347,303)	-	-
Net change in fund balances	574,414	-	255,589	-	9,635	(134,947)	(34,181)	670,510
Fund balances - beginning	1,272,312	-	1,639,701	-	98,640	130,778	(47,328)	3,094,103
Prior period adjustments	-	-	-	-	-	-	-	-
Fund balances - ending	$ 1,846,726	$ -	$ 1,895,290	$ -	$ 108,275	$ (4,169)	$ (81,509)	$ 3,764,613

CITY OF AVENAL
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUND
JUNE 30, 2022

	Capital Improvement Project Fund
ASSETS	
Cash and cash equivalents	$ 9,717
Total assets	$ 9,717
LIABILITIES	
Accounts payable	$ 14
Total liabilities	$ -
FUND BALANCE	
Fund balance:	
Committed:	
Capital projects	9,703
Total fund balance	9,703
Total liabilities and fund balance	$ 9,717

CITY OF AVENAL
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2022

	Capital Improvement Project Fund
REVENUES	
Intergovernmental revenue	$ -
Investment income	$ 7
Total revenues	7
OTHER FINANCING SOURCES (USES)	
Transfers in	-
Transfers out	-
Total other financing sources (uses)	-
Net change in fund balance	7
Fund balance - beginning	9,696
Prior year adjustments	-
Fund balance - ending	$ 9,703

OTHER INDEPENDENT AUDITOR'S REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Avenal, California (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 18, 2024.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

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

City of Avenal, State of California's Responses to Finding

City of Avenal, State of California's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. City of Avenal, State of California's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Sotomayor & Associates, LLP

Sotomayor & Associates, LLP
Certified Public Accountants

December 23, 2024

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Avenal, California's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the year ended June 30, 2022. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Avenal, California, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Report on Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

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

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

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

Sotomayor & Associates, LLP

Sotomayor & Associates, LLP
Certified Public Accountants

December 23, 2024

CITY OF AVENAL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal CFDA Number	Contract/ Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through California Department of Housing and Urban Development			
Avenal Community Center	14.228	16-CDBG-11133	48,437
COVID Sustenance Payments	14.228	20-CDBG-CV1-00055	60,654
COVID Response Tranches 2&3 (CDBG2/3)	14.228		117,025
Total U.S. Department of Housing and Urban Development			$ 226,116
U.S. DEPARTMENT OF WATER			
Direct Award:			
Solar Generation System at Wastewater Treatment Plant-Planning	66.458	D17-04006	18,070
Solar Generation System at Wastewater Treatment Plant-Construction	66.458	C-06-8392-110	208,836
Avenal 18" Water Transmission Line Replacement Project	66.468	D20-02007	136,787
Total U.S. Department of Water			$ 363,693
U.S. TREASURY DEPARTMENT			
Direct Award:			
ARPA	21.027		3,228,530
California Arrearage Payment Program (CAPP)	21.027	CA1610002	34,159
Total U.S. Treasury Department			$ 3,262,689
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 3,852,498

CITY OF AVENAL
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the City of Avenal. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included in the schedule. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The expenditures are below the single audit threshold of $750,000 and are presented for information purposes only.

BASIS OF ACCOUNTING

The accompanying SEFA is presented using the modified accrual basis of accounting except for programs recorded in the City's enterprise funds, which are presented using the accrual basis of accounting, which is described in Note 1 of the City's basic financial statements.

RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal award expenditures agree or can be reconciled with the amounts reported in the City's basic financial statements.

INDIRECT COST RATE

The City has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

CITY OF AVENAL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weaknesses identified.	X	Yes		No
Significant deficiencies identified that are not considered to be material weaknesses?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major programs:				
Material weaknesses identified.		Yes	X	No
Significant deficiencies identified that are not considered to be material weaknesses?		Yes	X	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a).		Yes	X	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.239	Home Investment Partnerships Program

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

Auditee qualified as low-risk auditee?		Yes	X	No

CITY OF AVENAL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2022-1 Bank Reconciliation - Repeated in Current Year

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

CITY OF AVENAL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30. 2022

FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Finding 2021-1 Bank Reconciliation - Repeated in Current Year

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.