



AGENDA
WATERFORD CITY COUNCIL - REGULAR MEETING
WATERFORD CITY HALL, CITY COUNCIL
CHAMBERS 101 "E" STREET, WATERFORD, CA

WATERFORD CITY COUNCIL REGULAR MEETING – November 16, 2023 - 6:30 PM

**CALL TO ORDER &
FLAG SALUTE:**

Mayor Goeken

INVOCATION:

Pastor Dave McGaffee, Assembly of God Church

ROLL CALL:

Mayor: Charlie Goeken
Vice Mayor: Jill Kitchens
Council Members: Christine Harris, Jamie Hilton, Elizabeth Talbott

ADOPTION OF AGENDA:

A member of the City Council motions to accept the items on the agenda for consideration as presented, or motions for any additions, including emergency items, or items pulled from consideration.

CONFLICT OF INTEREST DECLARATION:

Declaration by City Council members who may have a direct Conflict of Interest on any scheduled agenda item to be considered.

1. PRESENTATIONS

2. COMMUNICATIONS FROM THE AUDIENCE

This is the portion of the meeting specifically set aside to invite public comments regarding any matters not appearing on the agenda and within the jurisdiction of the City Council or the Successor Agency. Individual audience participation is limited to a maximum of 5 minutes. We encourage you to share your name and address or submit a speaker card to the City Clerk.

3. ADOPTION OF CONSENT CALENDAR

All Matters listed under the Consent Calendar are considered routine by the Council and will be adopted by one action of the Council unless any Council Member desires to discuss any item or items separately. In that event, the Mayor will remove that item from the Consent Calendar and action will be considered separately.

3a: **MOTION:** Waiving all Readings of Ordinances and Resolutions, except by title.

3b: **RESOLUTION:** Resolution 2023-52, Approving the Warrant Register in the Amount of \$54,674.03 for the Period of October 30, 2023.

3c: **MOTION:** Approving Minutes of the Regular City Council Meeting held November 2, 2023.

3d: MOTION: Accepting Compliance with Developer Fees report in accordance with requirements of Section 66006 of the Government Code.

4. **FINAL READINGS**

5. **PUBLIC HEARINGS**

6. **GENERAL BUSINESS**

6a: MOTION: Reaffirming the Declaration of Emergency made by the City Manager on September 20, 2023 and Declaring there is a Need to Continue with Project No. 2023-14, "Emergency Repair of River Pointe Well 1." (*Statzer*)

6b: MOTION: To Accept and File the June 30, 2023 Basic Financial Statement for the City of Waterford and the Auditor's Report on the Financial Statement including the reports on the Abandoned Vehicle Abatement Program, Appropriations Limit Schedule, Transportation Development Act Funds, CSLFRF Compliance Report and the Auditor's Communication With Those Charged With Governance. (*Envia*)

7. **SUCCESSOR AGENCY TO THE FORMER WATERFORD REDEVELOPMENT AGENCY**

8. **INFORMATIONAL ITEMS**

8a: City Project List

9. **STAFF/COUNCIL COMMENTS AND MEETING REPORTS**

9a: City Staff

9b: City Council

10. **ADJOURNMENT / RECESS**

11. **CLOSED SESSION**

11a: "PUBLIC EMPLOYEE CONTRACT"
(Pursuant to Government Code Section 54957)
- City Manager Contract Negotiation

12. **REPORT OUT OF CLOSED SESSION**

NOTICE

REPORTS: Copies of the staff reports or other written documentation relating to each item of business referred to on the agenda are on file in the office of the City Clerk. Any writings or documents provided to a majority of the City Council regarding any item on this agenda (other than writings legally exempt from public disclosure) will be made available for public inspection at the front counter at City Hall during normal business hours.

COMMUNICATIONS FROM THE AUDIENCE: If you wish to address the City Council or the Successor Agency on any item not on the printed agenda, prior to the start of the meeting, or prior to addressing the City Council or the Successor Agency, complete and submit a speaker card and deliver it to the City Clerk. (Please note, speaker cards are not required, however completing a speaker card enables staff to better follow up with you later, if necessary and attribute your comments to you in the minutes of the meeting). When the Mayor calls for "Communications from the Audience," stand or raise your hand and the Mayor will ask you to approach the podium and state your name and city of residence. It is the policy of the City Council that they will not act on any matter not appearing on the posted agenda. The purpose of the discussion is to permit a member of the public to raise an issue or problem and to permit the City Council to ask questions for clarification of the issue or problem, provide information to the public, provide direction of the City Staff, or schedule the matter for a future meeting. Please hold all comments to five (5) minutes.

PUBLIC COMMENTS RELATED TO AN ITEM ON THE PRINTED AGENDA: Members of the public are entitled to directly address the City Council or the Successor Agency concerning any item that is described on the agenda during consideration of that item. If during a public hearing, the Mayor will direct when the hearing has opened for public comment. If you wish to address the City Council or the Successor Agency on any item listed on this agenda, please complete a speaker card and deliver it to the City Clerk prior to discussion of that item. (Please note, speaker cards are not required, however completing a speaker card enables staff to better follow up with you later, if necessary and attribute your comments to you in the minutes of the meeting.) When your name is called proceed to the podium and state your name and city of residence.

WRITTEN MATERIAL INTRODUCED INTO THE RECORD: Citizens wishing to introduce written material into the record at the public hearing on any item are requested to provide a copy of the written material to the City Clerk prior to the public hearing date and/or prior to the opening of the public hearing so that the material may be distributed to the City Council prior to the public hearing.

NOTICE REGARDING CHALLENGES TO DECISIONS: Pursuant to all applicable laws and regulations, including without limitation, California Government Code Section 65009 and or California Public Resources Code Section 21177, if you wish to challenge in court any decisions (regarding planning, zoning and/or environmental decisions), you may be limited to raising only those issues you or someone else raised at the public hearing(s) described in this notice/agenda, or in written correspondence delivered to the City at, or prior to, the public hearing.

LIVE AND ON-DEMAND VIDEO RECORDINGS OF THE CITY COUNCIL/SUCCESSOR AGENCY: The meeting of the Waterford City Council/Successor Agency can be watched live and on-demand from the City's website at www.cityofwaterford.org.

AMERICANS WITH DISABILITIES ACT (ADA): In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (209) 874-2328 ext. 101 or email: pkrause@cityofwaterford.org. Requests must be made as early as possible and at least two-full business days before the start of the meeting

General Information:

The Waterford City Council meets on the 1st and 3rd Thursdays of each month at 6:30PM., unless otherwise noticed.

Council Agenda's:

Copies of City Council Agenda and agenda related writings or documents will be made available for public inspection at the front counter at City Hall located at 101 "E" Street, Waterford, CA 72 hours prior to the meeting, or at the time of the scheduled meeting.



11/8/2023

Patricia Krause, CMC, City Clerk Date



Consent Calendar 3a

November 16, 2023

Patricia Krause, City Clerk / Administrative Services Director
City Council Staff Report

Motion: Waive Readings of Ordinances and Resolutions, Except by Title.

SUMMARY:

It is recommended that the City Council approve the waiver of readings of Ordinances and Resolutions, except by title.

ANALYSIS:

Pursuant to California Government Code §36934, approval of the waiver of readings will allow Ordinances and Resolutions to be introduced by title only and acted upon without the need to read the entire text of the item into the public record. The documents related to proposed Ordinances and Resolutions are available for review by the public on the City's website and in the City Clerk's office at City Hall.

FISCAL IMPACT:

N/A

ENVIRONMENTAL REVIEW:

N/A

ALTERNATIVES:

1. Direct the City Clerk to read the entire text of resolutions and ordinances prior to approval and adoption.
2. Take no action.

ATTACHMENTS:

N/A



Consent Calendar 3b

November 16, 2023

Patricia Krause, City Clerk / Administrative Services Director
City Council Staff Report

Resolution: Adopting Resolution 2023-52, Approving the Warrant Register in the Amount of \$54,674.03 for the Period of October 30, 2023.

SUMMARY:

Consider approving the Warrant Register for the period of October 30, 2023.

ANALYSIS:

As per Government Code Section §41004, a listing of all payments the City has made for goods and services need to be approved by City Council on a regular basis. This Warrant Register includes payments and payroll made for the period of October 30, 2023.

FISCAL IMPACT:

Payments for this period total \$54,674.03.

ENVIRONMENTAL REVIEW:

N/A

ALTERNATIVES:

1. Take no action.
2. Provide staff with further direction.

ATTACHMENTS:

- Resolution #2023-52
- Check Register Report

WATERFORD CITY COUNCIL

RESOLUTION # 2023-52

	DATE	TOTAL	
PAYROLL	10/30/2023	\$	35,156.91
	10/30/2023	\$	1,266.82
ACCOUNTS PAYABLE	10/30/2023	\$	18,250.30
TOTAL		\$	54,674.03

The City of Waterford does hereby reserve, determine and order as follows:

SECTION 1: That in accordance with Section 37202 of the Government Code that the City Manager hereby certifies to the accuracy of the following demands and the availability of funds for the payment thereof.

SECTION 2: That the following claims and demands are subject to audit as required by law, and that the same are hereby set forth.

Passed and Adopted by the City Council of Waterford at a regular meeting held on November 16, 2023 By the following vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

PATRICIA KRAUSE, CMC, CITY CLERK

CHARLIE GOEKEN, MAYOR

Payroll

ACH Check Register

User: 'trish'
Printed: 10/30/2023 - 10:21AM
Batch: 00030.10.2023
Include Partial: FALSE



CITY OF WATERFORD
PO BOX 199
WATERFORD, CA. 95386
209-874-2328

Check Date	Check Number	Employee No	Employee Name	Amount
10/30/2023	0	1002		3,907.65
10/30/2023	0	1006		1,349.85
10/30/2023	0	1008		2,167.23
10/30/2023	0	1017		1,300.28
10/30/2023	0	1018		1,420.77
10/30/2023	0	2004		575.77
10/30/2023	0	2005		2,570.09
10/30/2023	0	2006		3,080.89
10/30/2023	0	2010		652.73
10/30/2023	0	2012		2,206.20
10/30/2023	0	2020		3,878.78
10/30/2023	0	2024		1,814.84
10/30/2023	0	2028		1,615.37
10/30/2023	0	2030		2,310.18
10/30/2023	0	2031		2,413.63
10/30/2023	0	2032		2,000.91
10/30/2023	0	2033		1,252.21
10/30/2023	0	3002		135.20
10/30/2023	0	3010		124.47
10/30/2023	0	3012		126.62
10/30/2023	0	3013		126.62
10/30/2023	0	3014		126.62
Total Employees:			22	Total: 35,156.91

Payroll

Computer Check Register

User: trish
Printed: 10/30/2023 - 10:19AM
Batch: 00030.10.2023



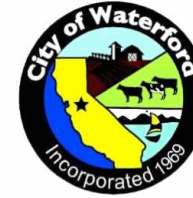
CITY OF WATERFORD
PO BOX 199
WATERFORD, CA. 95386
209-874-2328

Check No	Check Date	Employee Information	Amount
2486	10/30/2023	2034	1,266.82
Total Number of Employees:		1	Total for Payroll Check Run: 1,266.82

Accounts Payable

Computer Check Proof List by Vendor

User: trish
 Printed: 10/30/2023 - 11:31AM
 Batch: 00030.10.2023



CITY OF WATERFORD
 PO BOX 199
 WATERFORD, CA. 95386
 209-874-2328

Invoice No	Description	Amount	Payment Date	Acct Number	Reference
Vendor: 105201	BANK OF THE WEST (IRS TAXES)			Check Sequence: 1	ACH Enabled: True
	PR Batch 00030.10.2023 Federal Income Tax	3,912.91	10/30/2023	1010-000-2220	PR Batch 00030.10.2023 Federal Income T
	PR Batch 00030.10.2023 Medicare Employee Pc	730.66	10/30/2023	1010-000-2240	PR Batch 00030.10.2023 Medicare Emplo
	PR Batch 00030.10.2023 Medicare Employer Po	730.66	10/30/2023	1010-000-2240	PR Batch 00030.10.2023 Medicare Emplo
	PR Batch 00030.10.2023 FICA Employee Portio	124.94	10/30/2023	1010-000-2240	PR Batch 00030.10.2023 FICA Employee
	PR Batch 00030.10.2023 FICA Employer Portio	124.94	10/30/2023	1010-000-2240	PR Batch 00030.10.2023 FICA Employer I
	Check Total:	5,624.11			
Vendor: 108350	CALIFORNIA EMPLOYMENT DEVELOPMENT DEPARTMENT			Check Sequence: 2	ACH Enabled: True
	PR Batch 00030.10.2023 CALIFORNIA SDI	387.69	10/30/2023	1010-000-2260	PR Batch 00030.10.2023 CALIFORNIA S
	PR Batch 00030.10.2023 State Income Tax	1,328.33	10/30/2023	1010-000-2230	PR Batch 00030.10.2023 State Income Tax
	PR Batch 00030.10.2023 EDD TRAINING TAX	0.70	10/30/2023	1010-000-2260	PR Batch 00030.10.2023 EDD TRAININC
	PR Batch 00030.10.2023 STATE UNEMPLOYN	10.24	10/30/2023	1010-000-2260	PR Batch 00030.10.2023 STATE UNEMP
	Check Total:	1,726.96			
Vendor: 154101	MISSION SQUARE - 303352			Check Sequence: 3	ACH Enabled: False
	PR Batch 00030.10.2023 DEFERRED COMP-4:	930.00	10/30/2023	1010-000-2280	PR Batch 00030.10.2023 DEFERRED CO
	PR Batch 00030.10.2023 457 LOAN REPAY	244.68	10/30/2023	1010-000-2280	PR Batch 00030.10.2023 457 LOAN REP/
	PR Batch 00030.10.2023 DEFERRED COMP 4:	950.77	10/30/2023	1010-000-2280	PR Batch 00030.10.2023 DEFERRED CO
	PR Batch 00030.10.2023 DEFERRED COM-45'	219.41	10/30/2023	1010-000-2285	PR Batch 00030.10.2023 DEFERRED CO
	Check Total:	2,344.86			
Vendor: 139400	PUBLIC EMPLOYEE RETIREMENT SYSTEM			Check Sequence: 4	ACH Enabled: True
	PR Batch 00030.10.2023 EMPLOYEE PERS CC	3,560.56	10/30/2023	1010-000-2270	PR Batch 00030.10.2023 EMPLOYEE PE
	PR Batch 00030.10.2023 EMPLOYER PAID PE	4,752.18	10/30/2023	1010-000-2270	PR Batch 00030.10.2023 EMPLOYER PA
	Check Total:	8,312.74			
Vendor: 148050	STATIONARY ENGINEERS LOCAL 39			Check Sequence: 5	ACH Enabled: False
	PR Batch 00030.10.2023 UNION DUES	241.63	10/30/2023	1010-000-2290	PR Batch 00030.10.2023 UNION DUES

Invoice No	Description	Amount	Payment Date	Acct Number	Reference
	Check Total:	241.63			
	Total for Check Run:	18,250.30			
	Total of Number of Checks:	5			



Consent Calendar 3c

November 16, 2023

Patricia Krause, City Clerk / Administrative Services Director
City Council Staff Report

Motion: Approving Minutes of the Regular City Council Meeting held November 2, 2023.

SUMMARY:

Consider approving minutes from the November 2, 2023 Regular City Council meeting.

ANALYSIS:

Approve Minutes of the Regular City Council Meeting held on November 2, 2023.

FISCAL IMPACT:

N/A

ENVIRONMENTAL REVIEW:

N/A

ALTERNATIVES:

1. Direct the City Clerk to make amendments to the minutes and bring them back for approval at a future City Council meeting.
2. Take no action.

ATTACHMENTS:

- City Council Regular Meeting Minutes of November 2, 2023.



**MINUTES
WATERFORD CITY COUNCIL - REGULAR
MEETING WATERFORD CITY HALL, CITY
COUNCIL CHAMBERS 101 "E" STREET,
WATERFORD, CA**

WATERFORD CITY COUNCIL REGULAR MEETING – November 2, 2023 - 6:30 PM

MEETING CALLED TO ORDER BY MAYOR GOEKEN AT: 6:30 pm

FLAG SALUTE: Mayor Goeken

ROLL CALL PRESENT:

Mayor Goeken
Vice Mayor Kitchens
Councilmember Harris
Council Member Hilton
Council Member Talbott

ABSENT: None

STAFF PRESENT:

Michael Pitcock, City Manager
Patricia Krause, City Clerk / Administrative Services Director
Corbett Browning, City Attorney
Lonnie Statzer, Public Works Superintendent
Michael Parker, Police Chief

ADOPTION OF AGENDA:

ACTION: By motion moved and seconded (CM Hilton / CM Harris / 5-0) to adopt the Agenda.

AYES: Goeken, Harris, Hilton, Kitchens, Talbott

NAYS: None

ABSENT: None

ABSTAIN: None

Motion passed 5-0.

CONFLICT OF INTEREST DECLARATION:

None.

1. **PRESENTATION**

None.

2. **COMMUNICATIONS FROM THE AUDIENCE**

None.

3. **ADOPTION OF CONSENT CALENDAR**

3a: MOTION: Waiving all Readings of Ordinances and Resolutions, except by title.

3b: RESOLUTION: Resolution 2023-51, Approving the Warrant Register in the Amount of \$290,252.79 for the Period of October 16 to October 19, 2023.

3c: MOTION: Approving Minutes of the Regular City Council Meeting held October 19, 2023.

3d: MOTION: Accepting the Treasurer's Report for the Quarter Ended September 30, 2023.

ACTION: By motion moved and seconded (CM Hilton / CM Talbott / 5-0) to adopt the Consent Calendar.

AYES: Goeken, Harris, Hilton, Kitchens, Talbott

NAYS: None

ABSENT: None

ABSTAIN: None

Motion passed 5-0.

4. **FINAL READINGS**

5. **PUBLIC HEARINGS**

6. **GENERAL BUSINESS**

6a: MOTION: Approving a Reimbursement Agreement as a Member of the Stanislaus Tuolumne Rivers Groundwater Basin Association (STRGBA) for Project Cost Sharing for the Updating of the Groundwater Sustainability Plan and Development of Annual Groundwater Reports through 2028. (Pitcock)

ACTION: By motion moved and seconded (CM Talbott / CM Hilton / 5-0) Approving a Reimbursement Agreement as a Member of the Stanislaus Tuolumne Rivers Groundwater Basin Association (STRGBA) for Project Cost Sharing for the Updating of the Groundwater Sustainability Plan and Development of Annual Groundwater Reports through 2028.

AYES: Goeken, Harris, Hilton, Kitchens, Talbott
NAYS: None
ABSENT: None
ABSTAIN: None

Motion passed 5-0.

- 6b: MOTION: Reaffirming the Declaration of Emergency made by the City Manager on September 20, 2023, and Declaring there is a Need to Continue with Project No. 2023-14, "Emergency Repair of River Pointe Well 1." (*Statzer*)

ACTION: By motion moved and seconded (VM Kitchens / CM Hilton / 5-0) to Reaffirm the Declaration of Emergency made by the City Manager on September 20, 2023 and Declaring there is a Need to Continue with Project No. 2023-14, "Emergency Repair of River Pointe Well 1."

AYES: Goeken, Harris, Hilton, Kitchens, Talbott
NAYS: None
ABSENT: None
ABSTAIN: None

Motion passed 5-0.

7.

SUCCESSOR AGENCY TO THE FORMER WATERFORD REDEVELOPMENT AGENCY

8.

INFORMATIONAL ITEMS

- 8a: City Project List

9.

STAFF/COUNCIL COMMENTS AND MEETING REPORTS

- 9a: City Staff

Superintendent Statzer thanked Love Waterford and City Staff for a great Trunk or Treat Event. Mr. Statzer invited citizens to come support the Wildcats at their playoff game.

Chief Parker gave the Council the crime statistics for the month of October, commenting that the number of motor vehicle thefts have ticked up. Chief Parker stated that the homeless camps along the river trail was no longer there and had been cleaned up and the individuals in the camps had been offered services as well as bus tickets.

City Attorney Browning commented on the closed session for the evening.

City Manager Pitcock gave the Council information about a Housing Summit that was occurring over the weekend if they were interested in attending. Mr. Pitcock informed the Council that a deposit check for the new proposed annexation / subdivision had been received.

- 9b: City Council

Councilmember Hilton thanked Love Waterford for Trunk or Treat.

Councilmember Talbott commented that Former Modesto Councilmember Jenny Kenoyer had passed away.

Vice Mayor Kitchen inquired about the time frame of the Community Center Construction.

Mayor Goeken wished everyone a happy Veteran's Day.

10. **ADJOURNMENT / RECESS**

Meeting Recessed: 6:42 PM.

Mayor Goeken recessed the City Council meeting at 6:42 PM to convene to Closed Session directly following the recess. Adjournment of the City Council meeting followed the Report out of Closed Session.

11. **CLOSED SESSION**

11a: "PUBLIC EMPLOYEE PERFORMANCE EVALUATION"
(Pursuant to Government Code Section 54957)
- City Manager

12. **REPORT OUT OF CLOSED SESSION**

PASSED AND ADOPTED by the Waterford City Council at a regular meeting held on November 16th, 2023, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

CITY OF WATERFORD:

Charlie Goeken, Mayor

ATTEST:

Patricia Krause, CMC, City Clerk



Consent 3d
November 16, 2023
Tina Envia, Finance Manager
City Council Staff Report

Motion: Accept Compliance with Developer Fees report in accordance with requirements of Section 66006 of the Government Code.

SUMMARY:

Section 66006(b)(1) of the Government Code requires each local agency to make a public report on developer fees after the close of each fiscal year. The required report consists of a brief description of the fee type in the account or fund, the amount of the fee, the beginning and ending balance of the account or fund, the amount of fees collected and the interest earned.

The City is also required by State law to spend or commit developer fees within five years of collection. If fees remain unexpended or uncommitted five years after being collected, the City is to make a finding that there remains a reasonable relationship between the current need for the fees and the purposes for which they were originally collected.

FISCAL IMPACT:

See attached accounting by Fund of the City's Developer Fees.

ANALYSIS:

The City is in compliance with the requirements of Government Code section 66006 governing the accounting and reporting for Developer Fees.

ATTACHMENTS:

- AB1600 Report



CITY OF WATERFORD

AB1600 REPORT

July 1, 2022- June 30, 2023

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CITY OF WATERFORD
AB1600 REPORT
2022-2023

ADMINISTRATION AND PLANNING FEE

- (A) **A BRIEF DESCRIPTION OF TYPE OF FEE IN THE ACCOUNT.** This fee is charged to pay for staff and administrative time to review and process projects.
- (B) **THE AMOUNT OF THE FEE.**

Existing City Limits

Year	Single Family (Per Unit)	Multi Family (Per Unit)	Commercial (Per 1000 sq. ft.)	Office (Per 1000 sq. ft.)	Industrial (Per 1000 sq. ft.)	Warehouse (Per 1000 sq. ft.)	Other Non-Residential Uses (Per 1000 sq. ft.)
2023	\$486.82	\$389.46	\$243.41	\$243.41	\$243.41	\$243.41	\$243.41

New Annexation

Year	Single Family (Per Unit)	Multi Family (Per Unit)	Commercial (Per 1000 sq. ft.)	Office (Per 1000 sq. ft.)	Industrial (Per 1000 sq. ft.)	Warehouse (Per 1000 sq. ft.)	Other Non-Residential Uses (Per 1000 sq. ft.)
2023	\$486.82	\$389.46	\$243.41	\$243.41	\$243.41	\$243.41	\$243.41

- (C) **THE BEGINNING AND ENDING BALANCE OF THE ACCOUNT OR FUND.** In July 2022, there was a beginning balance for this account in the amount of \$29,148.88 and an ending balance as of June 2023 in the amount of \$26,944.69.
- (D) **THE AMOUNT OF THE FEES COLLECTED AND INTEREST EARNED.** The amount of the fees collected \$0.00 and interest earned \$295.81 for a total of \$295.81.
- (E) **AN IDENTIFICATION OF EACH PUBLIC IMPROVEMENT ON WHICH FEES WERE EXPENDED AND THE AMOUNT OF THE EXPENDITURES ON EACH IMPROVEMENT, INCLUDING THE TOTAL PERCENTAGE OF THE COST OF THE PUBLIC IMPROVEMENT THAT WAS FUNDED WITH FEES.**
No fees were expended from this fund for the current year.
- (F) **AN IDENTIFICATION OF AN APPROXIMATE DATE BY WHICH THE CONSTRUCTION OF THE PUBLIC IMPROVEMENT WILL COMMENCE IF THE LOCAL AGENCY DETERMINES THAT SUFFICIENT FUNDS HAVE BEEN COLLECTED TO COMPLETE FINANCING ON AN INCOMPLETE PUBLIC IMPROVEMENT, AS IDENTIFIED IN PARAGRAPH (2) OF SUBDIVISION (a) OF SECTION 66001, AND THE PUBLIC IMPROVEMENT REMAINS INCOMPLETE.**
No improvements were made for the current year.
- (G) **A DESCRIPTION OF EACH INTERFUND TRANSFER OR LOAN MADE FROM THE ACCOUNT OR FUND, INCLUDING THE PUBLIC IMPROVEMENT ON WHICH THE TRANSFERRED OR LOANED FEES WILL BE EXPENDED, AND IN THE CASE OF AN INTERFUND LOAN, THE DATE ON WHICH THE LOAN WILL BE REPAYED, AND THE RATE OF INTEREST THAT THE ACCOUNT OR FUND WILL RECEIVE ON THE LOAN.**
A transfer of \$2,500 to the General Fund was made for administrative expenses.
- (H) **THE AMOUNT OF FUNDS MADE PURSUANT TO SUBDIVISION (e) OF SECTION 66001 AND ANY ALLOCATIONS PURSUANT TO SUBDIVISION (f) OF SECTION 66001.**
If any unexpended funds are no longer required, refunds will be made according to Government Code.

CITY OF WATERFORD
AB1600 REPORT
2022-2023

CITY FACILITY FEE

(A) **A BRIEF DESCRIPTION OF TYPE OF FEE IN THE ACCOUNT.** This fee is charged to pay for needed maintenance and improvements to City Facilities.

(B) **THE AMOUNT OF THE FEE.**

Existing City Limits

Year	Single Family (Per Unit)	Multi Family (Per Unit)	Commercial (Per 1000 sq. ft.)	Office (Per 1000 sq. ft.)	Industrial (Per 1000 sq. ft.)	Warehouse (Per 1000 sq. ft.)	Residential Uses (Per 1000 sq. ft.)
2023	\$1,200.92	\$960.26	\$599.87	\$599.87	\$599.87	\$599.87	\$599.87

New Annexation

Year	Single Family (Per Unit)	Multi Family (Per Unit)	Commercial (Per 1000 sq. ft.)	Office (Per 1000 sq. ft.)	Industrial (Per 1000 sq. ft.)	Warehouse (Per 1000 sq. ft.)	Residential Uses (Per 1000 sq. ft.)
2023	\$1,200.92	\$960.26	\$599.87	\$599.87	\$599.87	\$599.87	\$599.87

(C) **THE BEGINNING AND ENDING BALANCE OF THE ACCOUNT OR FUND.** In July 2022, there was a beginning balance for this account in the amount of \$0.00 and an ending balance as of June 2023 in the amount of \$1,046.95.

(D) **THE AMOUNT OF THE FEES COLLECTED AND INTEREST EARNED.** The amount of the fees collected \$1,037.52; and interest earned \$9.43 for a total of \$1,046.95.

(E) **AN IDENTIFICATION OF EACH PUBLIC IMPROVEMENT ON WHICH FEES WERE EXPENDED AND THE AMOUNT OF THE EXPENDITURES ON EACH IMPROVEMENT, INCLUDING THE TOTAL PERCENTAGE OF THE COST OF THE PUBLIC IMPROVEMENT THAT WAS FUNDED WITH FEES.**

No fees were expended from this fund for the current year.

(F) **AN IDENTIFICATION OF AN APPROXIMATE DATE BY WHICH THE CONSTRUCTION OF THE PUBLIC IMPROVEMENT WILL COMMENCE IF THE LOCAL AGENCY DETERMINES THAT SUFFICIENT FUNDS HAVE BEEN COLLECTED TO COMPLETE FINANCING ON AN INCOMPLETE PUBLIC IMPROVEMENT, AS IDENTIFIED IN PARAGRAPH (2) OF SUBDIVISION (a) OF SECTION 66001, AND THE PUBLIC IMPROVEMENT REMAINS INCOMPLETE.**

The new public works building was completed in fiscal 2021 for a total cost of \$412,183.90. No additional funds were transferred in this fiscal year for these costs. Funds will be allocated as more funds are accumulated. A balance of \$272,311.82 is still reimbursable for this Project.

(G) **A DESCRIPTION OF EACH INTERFUND TRANSFER OR LOAN MADE FROM THE ACCOUNT OR FUND, INCLUDING THE PUBLIC IMPROVEMENT ON WHICH THE TRANSFERRED OR LOANED FEES WILL BE EXPENDED, AND IN THE CASE OF AN INTERFUND LOAN, THE DATE ON WHICH THE LOAN WILL BE REPAYED, AND THE RATE OF INTEREST THAT THE ACCOUNT OR FUND WILL RECEIVE ON THE LOAN.**

No interfund transfers or loans were made from this account or fund.

(H) **THE AMOUNT OF FUNDS MADE PURSUANT TO SUBDIVISION (e) OF SECTION 66001 AND ANY ALLOCATIONS PURSUANT TO SUBDIVISION (f) OF SECTION 66001.**

If any unexpended funds are no longer required, refunds will be made according to Government Code.

CITY OF WATERFORD
AB1600 REPORT
2022-2023

WATER FEE

- (A) **A BRIEF DESCRIPTION OF TYPE OF FEE IN THE ACCOUNT.** This fee is charged to provide for expansion of the water system that is necessary to support new growth
- (B) **THE AMOUNT OF THE FEE.**

Existing City Limits & New Annexation

Meter Size	1	1.5	2	3	4	6
Year						
2023	\$5,331.30	\$13,328.25	\$21,325.20	\$46,648.87	\$79,969.48	\$166,603.09

- (C) **THE BEGINNING AND ENDING BALANCE OF THE ACCOUNT OR FUND.** In July 2022, there was a beginning balance for this account in the amount of \$0.00 and an ending balance as of June 2023 in the amount of \$0.00.
- (D) **THE AMOUNT OF THE FEES COLLECTED AND INTEREST EARNED.** The amount of the fees collected \$0.00 and interest earned \$0.00 for a total of \$0.00.
- (E) **AN IDENTIFICATION OF EACH PUBLIC IMPROVEMENT ON WHICH FEES WERE EXPENDED AND THE AMOUNT OF THE EXPENDITURES ON EACH IMPROVEMENT, INCLUDING THE TOTAL PERCENTAGE OF THE COST OF THE PUBLIC IMPROVEMENT THAT WAS FUNDED WITH FEES.**
No fees were expended from this fund for the current year.
- (F) **AN IDENTIFICATION OF AN APPROXIMATE DATE BY WHICH THE CONSTRUCTION OF THE PUBLIC IMPROVEMENT WILL COMMENCE IF THE LOCAL AGENCY DETERMINES THAT SUFFICIENT FUNDS HAVE BEEN COLLECTED TO COMPLETE FINANCING ON AN INCOMPLETE PUBLIC IMPROVEMENT, AS IDENTIFIED IN PARAGRAPH (2) OF SUBDIVISION (a) OF SECTION 66001, AND THE PUBLIC IMPROVEMENT REMAINS INCOMPLETE.**
No improvements were made for the current year, the fund still has \$153,952.80 to reimburse for the Water Consolidation costs of \$812,500.00.
- (G) **A DESCRIPTION OF EACH INTERFUND TRANSFER OR LOAN MADE FROM THE ACCOUNT OR FUND, INCLUDING THE PUBLIC IMPROVEMENT ON WHICH THE TRANSFERRED OR LOANED FEES WILL BE EXPENDED, AND IN THE CASE OF AN INTERFUND LOAN, THE DATE ON WHICH THE LOAN WILL BE REPAYED, AND THE RATE OF INTEREST THAT THE ACCOUNT OR FUND WILL RECEIVE ON THE LOAN.**
No interfund transfers or loans were made from this account or fund.
- (H) **THE AMOUNT OF FUNDS MADE PURSUANT TO SUBDIVISION (e) OF SECTION 66001 AND ANY ALLOCATIONS PURSUANT TO SUBDIVISION (f) OF SECTION 66001.**
If any unexpended funds are no longer required, refunds will be made according to Government Code.

CITY OF WATERFORD
AB1600 REPORT
2022-2023

DRAINAGE FEE

- (A) **A BRIEF DESCRIPTION OF TYPE OF FEE IN THE ACCOUNT.** This fee is charged to provide for facilities necessary to handle storm water run-off to support new growth.
- (B) **THE AMOUNT OF THE FEE.**

Existing City Limits

Year	Single Family (Per Unit)	Multi Family (Per Unit)	Commercial (Per 1000 sq. ft.)	Office (Per 1000 sq. ft.)	Industrial (Per 1000 sq. ft.)	Warehouse (Per 1000 sq. ft.)	Other Non-Residential Uses (Per 1000 sq. ft.)
2023	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

New Annexation

Year	Single Family (Per Unit)	Multi Family (Per Unit)	Commercial (Per 1000 sq. ft.)	Office (Per 1000 sq. ft.)	Industrial (Per 1000 sq. ft.)	Warehouse (Per 1000 sq. ft.)	Other Non-Residential Uses (Per 1000 sq. ft.)
2023	\$2,908.58	\$727.15	\$1,745.15	\$1,745.15	\$1,745.15	\$1,745.15	\$1,745.15

- (C) **THE BEGINNING AND ENDING BALANCE OF THE ACCOUNT OR FUND.** In July 2022, there was a beginning balance for this account in the amount of \$5,855.18 and an ending balance as of June 2023 in the amount of \$5,914.57.
- (D) **THE AMOUNT OF THE FEES COLLECTED AND INTEREST EARNED.** The amount of the fees collected \$0.00 and interest earned \$59.39 for a total of \$59.39.
- (E) **AN IDENTIFICATION OF EACH PUBLIC IMPROVEMENT ON WHICH FEES WERE EXPENDED AND THE AMOUNT OF THE EXPENDITURES ON EACH IMPROVEMENT, INCLUDING THE TOTAL PERCENTAGE OF THE COST OF THE PUBLIC IMPROVEMENT THAT WAS FUNDED WITH FEES.**
No fees were expended from this fund for the current year.
- (F) **AN IDENTIFICATION OF AN APPROXIMATE DATE BY WHICH THE CONSTRUCTION OF THE PUBLIC IMPROVEMENT WILL COMMENCE IF THE LOCAL AGENCY DETERMINES THAT SUFFICIENT FUNDS HAVE BEEN COLLECTED TO COMPLETE FINANCING ON AN INCOMPLETE PUBLIC IMPROVEMENT, AS IDENTIFIED IN PARAGRAPH (2) OF SUBDIVISION (a) OF SECTION 66001, AND THE PUBLIC IMPROVEMENT REMAINS INCOMPLETE.**
No improvements were made for the current year.
- (G) **A DESCRIPTION OF EACH INTERFUND TRANSFER OR LOAN MADE FROM THE ACCOUNT OR FUND, INCLUDING THE PUBLIC IMPROVEMENT ON WHICH THE TRANSFERRED OR LOANED FEES WILL BE EXPENDED, AND IN THE CASE OF AN INTERFUND LOAN, THE DATE ON WHICH THE LOAN WILL BE REPAYED, AND THE RATE OF INTEREST THAT THE ACCOUNT OR FUND WILL RECEIVE ON THE LOAN.**
No interfund transfers or loans were made from this account or fund.
- (H) **THE AMOUNT OF FUNDS MADE PURSUANT TO SUBDIVISION (e) OF SECTION 66001 AND ANY ALLOCATIONS PURSUANT TO SUBDIVISION (f) OF SECTION 66001.**
If any unexpended funds are no longer required, refunds will be made according to Government Code.

CITY OF WATERFORD
AB1600 REPORT
2022-2023

WASTEWATER FEE (Collection)

- (A) **A BRIEF DESCRIPTION OF TYPE OF FEE IN THE ACCOUNT.** This fee is charged to provide for expansion of the sewer system that is necessary to support new growth
- (B) **THE AMOUNT OF THE FEE.**

Existing City Limits

Year	Single Family (Per Unit)	Multi Family (Per Unit)	Commercial (Per 1000 sq. ft.)	Office (Per 1000 sq. ft.)	Industrial (Per 1000 sq. ft.)	Warehouse (Per 1000 sq. ft.)	Other Non-Residential Uses (Per 1000 sq. ft.)
2023	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

New Annexation

Year	Single Family (Per Unit)	Multi Family (Per Unit)	Commercial (Per 1000 sq. ft.)	Office (Per 1000 sq. ft.)	Industrial (Per 1000 sq. ft.)	Warehouse (Per 1000 sq. ft.)	Other Non-Residential Uses (Per 1000 sq. ft.)
2023	\$4,880.89	\$4,880.89	\$4,880.89	\$4,880.89	\$4,880.89	\$4,880.89	\$4,880.89

- (C) **THE BEGINNING AND ENDING BALANCE OF THE ACCOUNT OR FUND.** In July 2022, there was a beginning balance for this account in the amount of \$39,407.18 and an ending balance as of June 2023 in the amount of \$39,063.79.
- (D) **THE AMOUNT OF THE FEES COLLECTED AND INTEREST EARNED.** The amount of the fees collected \$0.00 and interest earned(loss) (\$343.39) for a total of (\$343.39).
- (E) **AN IDENTIFICATION OF EACH PUBLIC IMPROVEMENT ON WHICH FEES WERE EXPENDED AND THE AMOUNT OF THE EXPENDITURES ON EACH IMPROVEMENT, INCLUDING THE TOTAL PERCENTAGE OF THE COST OF THE PUBLIC IMPROVEMENT THAT WAS FUNDED WITH FEES.**
No fees were expended from this fund for the current year.
- (F) **AN IDENTIFICATION OF AN APPROXIMATE DATE BY WHICH THE CONSTRUCTION OF THE PUBLIC IMPROVEMENT WILL COMMENCE IF THE LOCAL AGENCY DETERMINES THAT SUFFICIENT FUNDS HAVE BEEN COLLECTED TO COMPLETE FINANCING ON AN INCOMPLETE PUBLIC IMPROVEMENT, AS IDENTIFIED IN PARAGRAPH (2) OF SUBDIVISION (a) OF SECTION 66001, AND THE PUBLIC IMPROVEMENT REMAINS INCOMPLETE.**
No improvements were made for the current year.
- (G) **A DESCRIPTION OF EACH INTERFUND TRANSFER OR LOAN MADE FROM THE ACCOUNT OR FUND, INCLUDING THE PUBLIC IMPROVEMENT ON WHICH THE TRANSFERRED OR LOANED FEES WILL BE EXPENDED, AND IN THE CASE OF AN INTERFUND LOAN, THE DATE ON WHICH THE LOAN WILL BE REPAYED, AND THE RATE OF INTEREST THAT THE ACCOUNT OR FUND WILL RECEIVE ON THE LOAN.**
No interfund transfers or loans were made from this account or fund.
- (H) **THE AMOUNT OF FUNDS MADE PURSUANT TO SUBDIVISION (e) OF SECTION 66001 AND ANY ALLOCATIONS PURSUANT TO SUBDIVISION (f) OF SECTION 66001.**
If any unexpended funds are no longer required, refunds will be made according to Government Code.

CITY OF WATERFORD
AB1600 REPORT
2022-2023

PARKS AND RECREATION FEE

- (A) **A BRIEF DESCRIPTION OF TYPE OF FEE IN THE ACCOUNT.** This fee is charged to provide for maintenance and improvements to the city parks.
- (B) **THE AMOUNT OF THE FEE.**

Existing City Limits

	Single Family	Multi Family	Commercial	Office	Industrial	Warehouse	Other Non-Residential Uses
Year	(Per Unit)	(Per Unit)	(Per 1000 sq. ft.)	(Per 1000 sq. ft.)	(Per 1000 sq. ft.)	(Per 1000 sq. ft.)	(Per 1000 sq. ft.)
2023	\$4,793.87	\$3,835.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

New Annexation

	Single Family	Multi Family	Commercial	Office	Industrial	Warehouse	Other Non-Residential Uses
Year	(Per Unit)	(Per Unit)	(Per 1000 sq. ft.)	(Per 1000 sq. ft.)	(Per 1000 sq. ft.)	(Per 1000 sq. ft.)	(Per 1000 sq. ft.)
2023	\$4,793.87	\$3,835.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

- (C) **THE BEGINNING AND ENDING BALANCE OF THE ACCOUNT OR FUND.** In July 2022, there was a beginning balance for this account in the amount of \$205,434.70 and an ending balance as of June 2023 in the amount of \$139,313.26.
- (D) **THE AMOUNT OF THE FEES COLLECTED AND INTEREST EARNED.** The amount of the fees collected \$375.17 and interest earned \$135.38 total \$510.55.
- (E) **AN IDENTIFICATION OF EACH PUBLIC IMPROVEMENT ON WHICH FEES WERE EXPENDED AND THE AMOUNT OF THE EXPENDITURES ON EACH IMPROVEMENT, INCLUDING THE TOTAL PERCENTAGE OF THE COST OF THE PUBLIC IMPROVEMENT THAT WAS FUNDED WITH FEES.**
No fees were expended from this fund for the current year.
- (F) **AN IDENTIFICATION OF AN APPROXIMATE DATE BY WHICH THE CONSTRUCTION OF THE PUBLIC IMPROVEMENT WILL COMMENCE IF THE LOCAL AGENCY DETERMINES THAT SUFFICIENT FUNDS HAVE BEEN COLLECTED TO COMPLETE FINANCING ON AN INCOMPLETE PUBLIC IMPROVEMENT, AS IDENTIFIED IN PARAGRAPH (2) OF SUBDIVISION (a) OF SECTION 66001, AND THE PUBLIC IMPROVEMENT REMAINS INCOMPLETE.**
No improvements were made for the current year
- (G) **A DESCRIPTION OF EACH INTERFUND TRANSFER OR LOAN MADE FROM THE ACCOUNT OR FUND, INCLUDING THE PUBLIC IMPROVEMENT ON WHICH THE TRANSFERRED OR LOANED FEES WILL BE EXPENDED, AND IN THE CASE OF AN INTERFUND LOAN, THE DATE ON WHICH THE LOAN WILL BE REPAYED, AND THE RATE OF INTEREST THAT THE ACCOUNT OR FUND WILL RECEIVE ON THE LOAN.**
A transfer of \$66,631.99 was made to the General Fund to offset the financing costs. The financing was for the purchase of parkland of 19 acres at South Reinway. The land was used as the anchor for the 1 mile long River Park Trail Project. The entire project cost approx. 3.8 million and was funded by a variety of sources including loans, grants, General Fund and Capital Facility Fees. The project spanned many years and encompasses approximately 1 mile of river frontage.
- (H) **THE AMOUNT OF FUNDS MADE PURSUANT TO SUBDIVISION (e) OF SECTION 66001 AND ANY ALLOCATIONS PURSUANT TO SUBDIVISION (f) OF SECTION 66001.**
If any unexpended funds are no longer required, refunds will be made according to Government Code.

CITY OF WATERFORD
AB1600 REPORT
2022-2023

POLICE FEE

- (A) **A BRIEF DESCRIPTION OF TYPE OF FEE IN THE ACCOUNT.** This fee is charged to provide for maintenance and improvements to police facilities and equipment
- (B) **THE AMOUNT OF THE FEE.**

Existing City Limits

Year	Single Family (Per Unit)	Multi Family (Per Unit)	Commercial (Per 1000 sq. ft.)	Office (Per 1000 sq. ft.)	Industrial (Per 1000 sq. ft.)	Warehouse (Per 1000 sq. ft.)	Other Non-Residential Uses (Per 1000 sq. ft.)
2023	\$649.09	\$519.28	\$324.55	\$324.55	\$324.55	\$324.55	\$324.55

New Annexation

Year	Single Family (Per Unit)	Multi Family (Per Unit)	Commercial (Per 1000 sq. ft.)	Office (Per 1000 sq. ft.)	Industrial (Per 1000 sq. ft.)	Warehouse (Per 1000 sq. ft.)	Other Non-Residential Uses (Per 1000 sq. ft.)
2023	\$649.09	\$519.28	\$324.55	\$324.55	\$324.55	\$324.55	\$324.55

- (C) **THE BEGINNING AND ENDING BALANCE OF THE ACCOUNT OR FUND.** In July 2022, there was a beginning balance for this account in the amount of \$0.00 and an ending balance as of June 2023 in the amount of \$0.00.
- (D) **THE AMOUNT OF THE FEES COLLECTED AND INTEREST EARNED.** The amount of the fees collected \$0.00 and interest earned \$0.00 total \$0.00.
- (E) **AN IDENTIFICATION OF EACH PUBLIC IMPROVEMENT ON WHICH FEES WERE EXPENDED AND THE AMOUNT OF THE EXPENDITURES ON EACH IMPROVEMENT, INCLUDING THE TOTAL PERCENTAGE OF THE COST OF THE PUBLIC IMPROVEMENT THAT WAS FUNDED WITH FEES.**
No fees were expended from this fund for the current year.
- (F) **AN IDENTIFICATION OF AN APPROXIMATE DATE BY WHICH THE CONSTRUCTION OF THE PUBLIC IMPROVEMENT WILL COMMENCE IF THE LOCAL AGENCY DETERMINES THAT SUFFICIENT FUNDS HAVE BEEN COLLECTED TO COMPLETE FINANCING ON AN INCOMPLETE PUBLIC IMPROVEMENT, AS IDENTIFIED IN PARAGRAPH (2) OF SUBDIVISION (a) OF SECTION 66001, AND THE PUBLIC IMPROVEMENT REMAINS INCOMPLETE.**
No improvements were made for the current year.
- (G) **A DESCRIPTION OF EACH INTERFUND TRANSFER OR LOAN MADE FROM THE ACCOUNT OR FUND, INCLUDING THE PUBLIC IMPROVEMENT ON WHICH THE TRANSFERRED OR LOANED FEES WILL BE EXPENDED, AND IN THE CASE OF AN INTERFUND LOAN, THE DATE ON WHICH THE LOAN WILL BE REPAYED, AND THE RATE OF INTEREST THAT THE ACCOUNT OR FUND WILL RECEIVE ON THE LOAN.**
No interfund transfers or loans were made from this account or fund.
- (H) **THE AMOUNT OF FUNDS MADE PURSUANT TO SUBDIVISION (e) OF SECTION 66001 AND ANY ALLOCATIONS PURSUANT TO SUBDIVISION (f) OF SECTION 66001.**
If any unexpended funds are no longer required, refunds will be made according to Government Code.

CITY OF WATERFORD
AB1600 REPORT
2022-2023

TRAFFIC FEE

- (A) **A BRIEF DESCRIPTION OF TYPE OF FEE IN THE ACCOUNT.** This fee is charged to provide for street signs and traffic congestion reductions needed
- (B) **THE AMOUNT OF THE FEE.**

Existing City Limits

Year	Single Family (Per Unit)	Multi Family (Per Unit)	Commercial (Per 1000 sq. ft.)	Office (Per 1000 sq. ft.)	Industrial (Per 1000 sq. ft.)	Warehouse (Per 1000 sq. ft.)	Other Non-Residential Uses (Per 1000 sq. ft.)
2023	\$7,317.88	\$5,854.31	\$5,854.31	\$5,854.31	\$2,927.15	\$1,756.29	\$2,927.15

New Annexation

Year	Single Family (Per Unit)	Multi Family (Per Unit)	Commercial (Per 1000 sq. ft.)	Office (Per 1000 sq. ft.)	Industrial (Per 1000 sq. ft.)	Warehouse (Per 1000 sq. ft.)	Other Non-Residential Uses (Per 1000 sq. ft.)
2023	\$7,317.88	\$5,854.31	\$5,854.31	\$5,854.31	\$2,927.15	\$1,756.29	\$2,927.15

- (C) **THE BEGINNING AND ENDING BALANCE OF THE ACCOUNT OR FUND.** In July 2022, there was a beginning balance for this account in the amount of \$782,242.74 and an ending balance as of June 2023 in the amount of \$730,126.12.
- (D) **THE AMOUNT OF THE FEES COLLECTED AND INTEREST EARNED.** The amount of the fees collected \$6,325.27 and interest earned(loss) (\$6,219.39) for a total of \$105.88.
- (E) **AN IDENTIFICATION OF EACH PUBLIC IMPROVEMENT ON WHICH FEES WERE EXPENDED AND THE AMOUNT OF THE EXPENDITURES ON EACH IMPROVEMENT, INCLUDING THE TOTAL PERCENTAGE OF THE COST OF THE PUBLIC IMPROVEMENT THAT WAS FUNDED WITH FEES.**
No fees were expended from this fund for the current year.
- (F) **AN IDENTIFICATION OF AN APPROXIMATE DATE BY WHICH THE CONSTRUCTION OF THE PUBLIC IMPROVEMENT WILL COMMENCE IF THE LOCAL AGENCY DETERMINES THAT SUFFICIENT FUNDS HAVE BEEN COLLECTED TO COMPLETE FINANCING ON AN INCOMPLETE PUBLIC IMPROVEMENT, AS IDENTIFIED IN PARAGRAPH (2) OF SUBDIVISION (a) OF SECTION 66001, AND THE PUBLIC IMPROVEMENT REMAINS INCOMPLETE.**
\$23,547.50 was spent on the initial costs of the Yosemite Improvement Project.
- (G) **A DESCRIPTION OF EACH INTERFUND TRANSFER OR LOAN MADE FROM THE ACCOUNT OR FUND, INCLUDING THE PUBLIC IMPROVEMENT ON WHICH THE TRANSFERRED OR LOANED FEES WILL BE EXPENDED, AND IN THE CASE OF AN INTERFUND LOAN, THE DATE ON WHICH THE LOAN WILL BE REPAYED, AND THE RATE OF INTEREST THAT THE ACCOUNT OR FUND WILL RECEIVE ON THE LOAN.**
An interfund transfer of \$28,675.00 was made to the Streets CIP Fund for the State Route 132 Corridor Study.
- (H) **THE AMOUNT OF FUNDS MADE PURSUANT TO SUBDIVISION (e) OF SECTION 66001 AND ANY ALLOCATIONS PURSUANT TO SUBDIVISION (f) OF SECTION 66001.**
If any unexpended funds are no longer required, refunds will be made according to Government Code.

CITY OF WATERFORD
AB1600 REPORT
2022-2023

WASTEWATER FEE (Treatment)

- (A) **A BRIEF DESCRIPTION OF TYPE OF FEE IN THE ACCOUNT.** This fee is charged to provide for expansion of the sewer system that is necessary to support new growth
- (B) **THE AMOUNT OF THE FEE.**

Existing City Limits

Year	Single Family (Per Unit)	Multi Family (Per Unit)	Commercial (Per 1000 sq. ft.)	Office (Per 1000 sq. ft.)	Industrial (Per 1000 sq. ft.)	Warehouse (Per 1000 sq. ft.)	Other Non-Residential Uses (Per 1000 sq. ft.)
2023	\$3,423.99	\$3,423.99	\$3,423.99	\$3,423.99	\$3,423.99	\$3,423.99	\$3,423.99

New Annexation

Year	Single Family (Per Unit)	Multi Family (Per Unit)	Commercial (Per 1000 sq. ft.)	Office (Per 1000 sq. ft.)	Industrial (Per 1000 sq. ft.)	Warehouse (Per 1000 sq. ft.)	Other Non-Residential Uses (Per 1000 sq. ft.)
2023	\$3,423.99	\$3,423.99	\$3,423.99	\$3,423.99	\$3,423.99	\$3,423.99	\$3,423.99

- (C) **THE BEGINNING AND ENDING BALANCE OF THE ACCOUNT OR FUND.** In July 2022, there was a beginning balance for this account in the amount of \$370,942.86 and an ending balance as of June 2023 in the amount of \$367,710.60.
- (D) **THE AMOUNT OF THE FEES COLLECTED AND INTEREST EARNED.** The amount of the fees collected \$0.00 and interest earned(loss) (\$3,232.26) for a total of (\$3,232.26).
- (E) **AN IDENTIFICATION OF EACH PUBLIC IMPROVEMENT ON WHICH FEES WERE EXPENDED AND THE AMOUNT OF THE EXPENDITURES ON EACH IMPROVEMENT, INCLUDING THE TOTAL PERCENTAGE OF THE COST OF THE PUBLIC IMPROVEMENT THAT WAS FUNDED WITH FEES.**
No fees were expended from this fund for the current year.
- (F) **AN IDENTIFICATION OF AN APPROXIMATE DATE BY WHICH THE CONSTRUCTION OF THE PUBLIC IMPROVEMENT WILL COMMENCE IF THE LOCAL AGENCY DETERMINES THAT SUFFICIENT FUNDS HAVE BEEN COLLECTED TO COMPLETE FINANCING ON AN INCOMPLETE PUBLIC IMPROVEMENT, AS IDENTIFIED IN PARAGRAPH (2) OF SUBDIVISION (a) OF SECTION 66001, AND THE PUBLIC IMPROVEMENT REMAINS INCOMPLETE.**
No improvements were made for the current year.
- (G) **A DESCRIPTION OF EACH INTERFUND TRANSFER OR LOAN MADE FROM THE ACCOUNT OR FUND, INCLUDING THE PUBLIC IMPROVEMENT ON WHICH THE TRANSFERRED OR LOANED FEES WILL BE EXPENDED, AND IN THE CASE OF AN INTERFUND LOAN, THE DATE ON WHICH THE LOAN WILL BE REPAYED, AND THE RATE OF INTEREST THAT THE ACCOUNT OR FUND WILL RECEIVE ON THE LOAN.**
No interfund transfers or loans were made from this account or fund.
- (H) **THE AMOUNT OF FUNDS MADE PURSUANT TO SUBDIVISION (e) OF SECTION 66001 AND ANY ALLOCATIONS PURSUANT TO SUBDIVISION (f) OF SECTION 66001.**
If any unexpended funds are no longer required, refunds will be made according to Government Code.



General Business 6a

November 16, 2023

Lonnie Statzer, Public Works Superintendent
City Council Staff Report

Motion: **Reaffirming the Declaration of Emergency made by the City Manager on September 20, 2023 and Declaring there is a Need to Continue with Project No. 2023-14, “Emergency Repair of River Pointe Well 1.”**

SUMMARY:

City Council is being asked to reaffirm the declaration of emergency made by the City Manager on September 20, 2023 and declaring there is a need to continue with Project No. 2023-14, “Emergency Repair of River Pointe Well 1.”

ANALYSIS:

On September 20, 2023, Howk was called out due to the pump at Well 1 was locked up, they tried to turn the shaft of the pump to break it loose but it wouldn't budge. Upon taking the discharge piping apart they discovered the pipe 40% full of gravel. This is the first indication of a hole in the casing. They continued to pull the pump and it showed wear on the shaft with gravel imbedded in the bearings. After pulling the pump which was set at 260' Howk ran a line down the well for a depth measurement and the bottom was at 260' as well. Currently there is a hole letting the gravel pack into the well.

On September 20, 2023, the City Manager deemed the damaged Well 1 an emergency and ordered repair to commence immediately without giving notice for bids to let contracts in accordance with Section 22050 of the Public Contract Code under the authority given to him through Council Resolution No. 2018-57 (Exhibit 1). The Emergency Declaration was due to the need to make repairs quickly as the complete failure of the well left River Pointe with only one well to help support the River Pointe and Waterford system. If staff were to bid the repairs out it would take approximately 2-3 months to develop plans and specs, advertise for bids, open bids and take a contract to council for award. Given that we had no definitive understanding of the needed repairs, we would have likely had to do two projects, one to diagnose the problem and a second to make the repairs leaving the well offline for more than 6 months. Therefore, the City Manager, in an effort to expedite repairs, declared an emergency and orders work to commence to diagnose and make repairs immediately. Staff will continue to update the Council at every Council meeting reaffirming the emergency exists until the emergency ceases.

FISCAL IMPACT:

Each emergency action is different and the cost will be determined following the correction of the emergency situation. However, Howk provided an initial estimate of \$30,261.80. Based on the findings, additional scope was needed as it was determined the pump shaft was damaged, the casing needed scrubbing and gravel pack needed to be replaced. This additional work came to \$42,195.43 for a new total cost of \$72,457.23.

ENVIRONMENTAL REVIEW:

This project is categorically exempted according to Title 14, Chapter 3, Article 19 of the Guidelines for Implementation of the California Environmental Quality Act (CEQA), in accordance with Section 15301 “Existing Facilities.”

ALTERNATIVES:

1. Reject the affirmation of the declaration of emergency declared by the City Manager. Staff does not recommend this alternative as the City Council has delegated authority to the City Manager to declare emergencies in accordance with Section 22050 of the Public Contract Code and Council Resolution No. 2018-57 and the project is needed to maintain a viable water system during the hot summer/fall months.

ATTACHMENTS:

- Council Resolution 2018-57
- Howk Repair Estimate #1
- Howk Repair Estimate #2

**WATERFORD CITY COUNCIL
RESOLUTION #2018-57**

DELEGATING AUTHORITY TO THE CITY MANAGER TO DECLARE AN EMERGENCY AND ORDER REPAIR OF OR REPLACEMENT OF PUBLIC FACILITIES, TAKE ANY DIRECTLY RELATED AND IMMEDIATE ACTION REQUIRED BY THAT EMERGENCY, AND PROCURE THE NECESSARY EQUIPMENT, SERVICES, AND SUPPLIES FOR THOSE PURPOSES, WITHOUT GIVING NOTICE FOR BIDS TO LET CONTRACTS PURSUANT SECTION 22050(a)(1) AND 22050((b)(1) OF THE PUBLIC CONTRACT CODE

WHEREAS, there are times when sudden, unexpected occurrences pose a clear and imminent danger requiring immediate action to prevent or mitigate the loss or impairment of life, health, property or essential public services (hereinafter “emergency”); and

WHEREAS, during an emergency, time is of the essence and correcting these failures by formal bid processes is not feasible; and

WHEREAS, Section 22050(a)(1) of the Public Contract Code provides in the case of an emergency, a public agency pursuant to a 4/5ths vote of its governing body, may repair or replace a public facility, take any directly related and immediate action required by that emergency, and procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids to let contracts; and

WHEREAS, Section 22050(b)(1) of the Public Contract Code provides that the governing body by a 4/5ths vote may delegate by resolution to the City Manager the authority to order any action pursuant to 22050(a)(1).

NOW, THEREFORE BE IT RESOLVED, THAT THE CITY COUNCIL OF THE CITY OF WATERFORD, HEREBY RESOLVES AS FOLLOWS:

1. The City Council of the City of Turlock does hereby, pursuant to section 22050(b)(1) of the Public Contract Code, delegate to the City Manager the authority to determine when an emergency exist and may repair or replace a public facility, take any directly related and immediate action required by the emergency, and procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids to let contracts, pursuant to Public Contract Code section 22050(a)(1).
2. Pursuant to section 22050(b)(3) of the Public Contract Code, if the City Manager orders any action specified in the preceding paragraph, s/he shall report to the City Council at its next meeting the reasons justifying why the emergency will not permit a delay resulting from a competitive solicitation for bids and why the action is necessary to respond to the emergency.
3. The City Council shall initially review the emergency action not later than seven days after the action, or at its next regularly scheduled meeting if that meeting will occur not later than 14 days after the action, and at least at every regularly scheduled meeting thereafter until the action is terminated, to determine, by

4/5ths vote, that there is a need to continue the action, unless the City Manager has terminated that action prior to the City Council reviewing the emergency action and making a determination

PASSED AND ADOPTED by the Waterford City Council at a regular meeting held on the 6th day of September, 2018 by the following vote:

AYES: (4) ALDACO, KRAUSE, POWELL, VAN WINKLE
NOES: (0) NONE
ABSTAIN: (0) NONE
ABSENT: (1) WHITFIELD

City of Waterford,

DocuSigned by:

Michael Van Winkle

Michael Van Winkle, Mayor

Attest:

DocuSigned by:

Miranda Lutzow

Miranda Lutzow, City Clerk

Approved as to Form:

DocuSigned by:

Corbett Browning

Corbett J. Browning, City Attorney



ESTIMATE

TO: City of Waterford

PROJECT: River Point East Well

MATERIAL

ITEM DESCRIPTION	QTY	UNIT	UNIT PRICE	EXT. PRICE
Well video	1		1,000.00	1000.00
Estimate for patch if only 1 hole or only requires 1 - 5' long patch, each additional patch would be \$3750	1		12,000.00	12000.00
Follow up video	1			1000.00

MATERIAL SUBTOTAL	14,000.00
TAX (7.875)	1,101.80
MATERIAL TOTAL	15,101.80

LABOR

LABOR DESCRIPTION	QTY	UNIT	UNIT PRICE	EXT. PRICE
Set up jet	8	hrs	190.00	1,520.00
Run jet to suck out gravel	16	hrs	190.00	3,040.00
Remove jet	8	hrs	190.00	1,520.00
Pull turbine pump	16	hrs	190.00	3,040.00
Dissassemble bowl check for damage, and report	8	hrs	105.00	840.00

LABOR TOTAL	9,960.00
-------------	----------

EQUIPMENT

EQUIPMENT DESCRIPTION	QTY	UNIT	UNIT PRICE	EXT. PRICE
pump rig turbine	2	day	600.00	1,200.00
pump rig jet	4	day	600.00	2,400.00
air compressor	4	day	250.00	1,000.00
trailer for gravel	4	day	150.00	600.00

EQUIPMENT TOTAL	5,200.00
-----------------	----------

TERMS:

PROJECT TOTAL: \$30,261.80

CUSTOMER SIGNATURE: _____

DATE: _____



ESTIMATE

TO: City of Waterford

PROJECT: River Pointe Well #1 repairs

MATERIAL

ITEM DESCRIPTION	QTY	UNIT	UNIT PRICE	EXT. PRICE
Shafting 1 1/4" x 10'	16	ea	250.00	4000.00
Rubber bearings 1 3/8" x 3"	16	ea	30.00	480.00
Shaft sleeves 1 1/4" x 1 3/8"	16	ea	52.00	832.00
Bearing for pump head	1	ea	550.00	550.00
Second video after brush to locate hole	1	ea	1,000.00	1000.00
Patch for hole at 169'	1	ls	13,875.00	13875.00
Gravel - May take more gravel or time or both to get gravel pack full and setteled into place if additional time is required unit prices will apply	10	yrd	275.00	2750.00

MATERIAL SUBTOTAL	23,487.00
TAX (7.875)	1,848.43
MATERIAL TOTAL	25,335.43

LABOR

LABOR DESCRIPTION	QTY	UNIT	UNIT PRICE	EXT. PRICE
Brushing to expose hole	8	hrs	190.00	1,520.00
Install shaft sleeves for proper stick up	8	hrs	105.00	840.00
Machine shop	8	hrs	105.00	840.00
Swab gravel	24	hrs	190.00	4,560.00
Install pump	16	hrs	280.00	4,480.00

LABOR TOTAL	12,240.00
-------------	-----------

EQUIPMENT

EQUIPMENT DESCRIPTION	QTY	UNIT	UNIT PRICE	EXT. PRICE
Rig for brushing	1	day	600.00	600.00
Pump rig 2 days install pump 3 days swab gravel in place	5	day	600.00	3,000.00
Flatbed	2	day	240.00	480.00
Flatbed - to pick up gravel	1	day	540.00	540.00

EQUIPMENT TOTAL	4,620.00
-----------------	----------

TERMS:

PROJECT TOTAL: \$42,195.43

CUSTOMER SIGNATURE: _____

DATE: _____



General Business 6b

November 16, 2023

Tina Envia, Finance Manager
City Council Staff Report

Motion: Accept and File the June 30, 2023 Basic Financial Statement for the City of Waterford and the Auditor's Report on the Financial Statement including the reports on the Abandoned Vehicle Abatement Program, Appropriations Limit Schedule, Transportation Development Act Funds, CSLFRF Compliance Report and the Auditor's Communication With Those Charged With Governance.

SUMMARY:

Accept and file the City of Waterford Basic Financial Statement for the year ended June 30, 2023 including all the related supplementary reports as listed above.

ANALYSIS:

It is recommended that the City accept the financial statements and the Auditor's Reports on the financial reports.

On October 31, 2023, Badawi & Associates, the City's Auditor's, issued their reports on the financial statements of the City of Waterford. The Auditor's opinion was that the statements were presented fairly in all material respects.

FISCAL IMPACT:

- The General Fund balance as of June 30, 2023 was \$4,143,461. The amount representing Advances to other funds of \$283,193 is designated "Non-spendable," thus the balance of \$3,860,268 is designated "Unassigned."
- Unspent American Rescue Plan Funds of \$1,817,738 are also held in the General Fund as Unearned Revenue until the amounts are spent on the Tim Bell Water and Wastewater Extension Project.
- The City Impact Fee Fund had a "Restricted" balance of \$1,310,120 at June 30, 2023. This fund accounts for the Developer Impact Fees collected by the City through the building permit process. The fees are required to be used according to the Capital Facility Fees Nexus Study. The fees are tracked individually depending on the required use.
- The Measure L Fund had a balance of \$317,190 at June 30, 2023. This fund accounts for the capital streets projects funded by the County special roads tax and its fund balance is restricted for those specific uses as specified by the special tax.
- All other Non-major Governmental Funds had a balance of \$1,347,458 at June 30, 2022. Activities represented in this fund group include; Gas Tax, Local Transportation Funds, Lighting and Landscaping Districts, Special Business Pilot Program Fund, and the CIP funds for Streets and Roads and Parks.
- The Proprietary Funds include the Wastewater Treatment, Water System, and the Public Financing Authority (PFA). The funds ended the year with Unrestricted Net Position as follows; Wastewater \$334,876, Water \$1,038,645, and PFA of \$334,282.

ALTERNATIVES:

1. Accept and file the June 30, 2023 Audited Basic Financial Statements for the City of Waterford and all related items as listed in the motion.
2. Provide staff with direction as to the modifications desired and request a subsequent modified report.
3. Not accept the audited basic financial statements as presented and give no further direction for changes. This alternative would limit the Auditor's ability to issue further reports without modifications to their opinion of the statement's accuracy.

ATTACHMENTS:

- City of Waterford Basic Financial Statements for the Fiscal Year Ended June 30, 2023
- City of Waterford Abandoned Vehicle Abatement Report for Fiscal Year Ended June 30, 2023
- City of Waterford Appropriations Limit Schedule for Fiscal Year Ended June 30, 2023
- City of Waterford Transportation Development Act Funds for Fiscal Year Ended June 30, 2023
- City of Waterford CSLFRF Compliance Report for Fiscal Year Ended June 30, 2023
- Auditors' Communication with Those Charged with Governance for Fiscal Year Ended June 30, 2023

CITY OF WATERFORD, CALIFORNIA

BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED

June 30, 2023

Prepared by:

Tina Envia
Finance Manager

City of Waterford, California
Basic Financial Statements
For the year ended June 30, 2023

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City of Waterford, California
Basic Financial Statements
For the year ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
of the City of Waterford
Waterford, 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 Waterford (City), as of and for the year ended June 30, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 the 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, pension information, and budgetary comparison information on pages 5-16 and 75-79 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

To the Honorable Mayor and Members
of the City Council of the City of Waterford
City, California
Page 3

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.

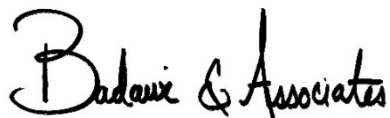
Supplementary Information

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 on pages 86-109 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements on pages 86-109 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 on pages 86-109 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 October 31, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 the City's internal control over financial reporting and compliance.



Badawi and Associates
Berkeley, California
October 31, 2023

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City of Waterford, California
Basic Financial Statements
For the year ended June 30, 2023

Management's Discussion and Analysis

This section provides a narrative overview and analysis of the financial activities of the City of Waterford (City) for the fiscal year ended June 30, 2023. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- ◆ The City's total net position increased by \$2,247,896 over the course of this year's operations after conducting all City operations and programs. The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by \$34,758,553 at the end of the 2023 fiscal year. Of that amount, \$5,059,988 (the unrestricted net position) may be used to meet the City's ongoing obligations and operating expenses for the next fiscal year.
- ◆ Overall City-wide program revenues from all governmental and business-type activities increased by \$14,581 compared to the 2022 fiscal year. The City's total expense for all programs increased by \$951,525 compared to the 2022 fiscal year.
- ◆ The general fund reported a fund balance of \$4,143,461, an increase of \$271,930 from June 30, 2022. The unrestricted portion of the General Fund's fund balances is \$3,860,268. The General Fund's cash and investments, including restricted amounts, at June 30, 2023 was \$5,488,108.
- ◆ The City also ended the fiscal year with \$11,163,510 in the proprietary enterprise funds net position.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Annual Financial Report includes the Management's Discussion and Analysis (this part), the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements along with the notes to these financial statements, the Required Supplementary Information and the Combining and Individual Fund Financial Statements and Schedules.

The Basic Financial Statements

The Basic Financial Statements are comprised of the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the City's financial activities and financial position.

City of Waterford, California
Basic Financial Statements
For the year ended June 30, 2023

Management's Discussion and Analysis

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Government-wide Financial Statements

The Government-wide Financial Statements provide a broad overview of the City's activities as a whole and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each the City's programs. The Statement of Activities explains in detail the change in Net Position for the year.

All of the City's activities are grouped into Governmental Activities and Business-type activities, as explained below. All the amounts in the Statement of Net position and the Statement of Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities of the City as a whole.

- ◆ *Governmental activities* - All of the City's basic services are considered to be governmental activities, including general government, public ways and facilities, police services, parks and recreation, community development, planning and zoning, and general administrative services. These services are supported by general City revenues such as taxes and by specific program revenues such as developer fees.
- ◆ *Business-type activities* - All the City's enterprise activities are reported here, including Wastewater Treatment, Water System, and the Public Financing Authority. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

City of Waterford, California
Basic Financial Statements
For the year ended June 30, 2023

Management's Discussion and Analysis

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Because the focus of the Governmental Fund Financial Statements is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Governmental Fund Financial Statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all nonmajor funds summarized and presented only in a single column. Subordinate schedules present the detail of these nonmajor funds. Major funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities.

For the fiscal year ended June 30, 2023, the City's major funds are as follows:

GOVERNMENTAL FUNDS:

- ◆ General Fund
- ◆ CIP Streets and Roads Capital Projects Fund

PROPRIETARY FUNDS:

- ◆ Wastewater Treatment Enterprise Fund
- ◆ Water System Enterprise Fund
- ◆ Public Financing Authority Fund

For the fiscal year ended June 30, 2023, the City adopted annual appropriated budgets for all governmental funds.

Proprietary funds. The City maintains Enterprise-type proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the Government-wide Financial Statements. The City uses enterprise funds to account for Water and Wastewater activities. Proprietary funds provide the same type of information as the Government-wide Financial Statements, only in more detail. The proprietary fund financial statements provide separate information for all of these operations.

City of Waterford, California
Basic Financial Statements
For the year ended June 30, 2023

Management’s Discussion and Analysis

OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found in the details of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City’s pension contributions and proportionate share of the net pension liability. Required supplementary information can be found in the details of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$34,758,553 as of June 30, 2023. The Summary of Net position as of June 30, 2023, and 2022, follows:

	Summary of Net Position					
	2023			2022		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 10,291,304	\$ 3,206,948	\$ 13,498,252	\$ 8,600,759	\$ 3,648,331	\$ 12,249,090
Noncurrent assets	18,317,116	12,049,564	30,366,680	17,445,791	12,054,837	29,500,628
Deferred outflows	675,746	586,352	1,262,098	267,962	370,912	638,874
Total assets and deferred outflows	29,284,166	15,842,864	45,127,030	26,314,512	16,074,080	42,388,592
Current and other liabilities	2,621,292	777,944	3,399,236	1,498,416	1,589,166	3,087,582
Long-term liabilities	2,940,332	3,823,266	6,763,598	2,278,416	3,775,678	6,054,094
Deferred inflows	127,499	78,144	205,643	458,840	281,224	740,064
Total liabilities and deferred inflows	5,689,123	4,679,354	10,368,477	4,235,672	5,646,068	9,881,740
Net position:						
Net Investment in capital assets	16,584,004	9,009,490	25,593,494	15,541,755	8,616,046	24,157,801
Restricted	3,658,854	446,217	4,105,071	3,319,086	431,329	3,750,415
Unrestricted	3,352,185	1,707,803	5,059,988	3,217,999	1,380,637	4,598,636
Total net position	\$ 23,595,043	\$ 11,163,510	\$ 34,758,553	\$ 22,078,840	\$ 10,428,012	\$ 32,506,852

City of Waterford, California
Basic Financial Statements
For the year ended June 30, 2023

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Overall, total net position increased by \$2,247,896 of this amount, net position for governmental activities increased by \$1,512,398 and net position for business-type activities increased by \$735,498.

Revenues

The City's total revenues for governmental and business-type activities were \$10,343,639 for the fiscal year ended June 30, 2023. Significant revenues for the City for fiscal year 2023 were derived from charges from services (40%), taxes and general revenues (32%), and operating grants and contributions (28%).

The following discusses variances in key revenues from the prior fiscal year:

1. **Charges for Services.** Charges for services decreased \$1,347,594 or 25% due to the decrease in building activity. In 2022, the City had a 75-home development completed.
2. **Operating Grants and Contributions.** Annual revenues increased \$1,358,732. This represents a 89% increase over the prior fiscal year. The increase was primarily due to additional Grants from Stanislaus Council of Governments and increased Department of Transportation Grants.
3. **Property Tax.** Property taxes increased \$33,032 or 7% and are expected to continue to climb as the City currently has over 70 new homes on the assessment roll.
4. **Sales Tax.** Annual revenues decreased \$70,042. This represents a 8% decrease over the prior fiscal year.
5. **Utility Users Tax.** Annual revenues increased \$101,108. This represents a 17% increase over the prior fiscal year.

The chart on the following page outlines the year over year change in revenues, expenses, and changes in net position.

City of Waterford, California
Basic Financial Statements
For the year ended June 30, 2023

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2023 and 2022, follows:

	Changes in Net Position					
	2023			2022		
	Govern- Governmental Activities	Business- Business-type Activities	Total	Govern- Governmental Activities	Business- Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 68,443	\$ 4,082,100	\$ 4,150,543	\$ 1,447,142	\$ 4,050,995	\$ 5,498,137
Grants and contributions:						
Operating	2,893,075	-	2,893,075	1,534,343	-	1,534,343
Capital	12,077	-	12,077	8,634	-	8,634
General revenues:						
Property taxes and assessments	506,289	-	506,289	473,257	-	473,257
Sales taxes	800,098	-	800,098	870,140	-	870,140
Franchise taxes	178,054	-	178,054	152,108	-	152,108
Utility users tax	700,497	-	700,497	599,389	-	599,389
Other taxes	983,705	-	983,705	912,612	-	912,612
Use of money and property	11,975	29,422	41,397	(36,680)	(43,461)	(80,141)
Other general	77,904	-	77,904	123,748	-	123,748
Total revenues	6,232,117	4,111,522	10,343,639	6,084,693	4,007,534	10,092,227
Expenses:						
Governmental activities:						
General government	445,052	-	445,052	133,828	-	133,828
Public ways and facilities	1,295,508	-	1,295,508	490,724	-	490,724
Police services	2,164,003	-	2,164,003	2,625,770	-	2,625,770
Parks and recreation	382,281	-	382,281	381,708	-	381,708
Community development	275,726	-	275,726	339,612	-	339,612
Interest and fiscal charges	62,929	-	62,929	64,028	-	64,028
Business-type activities:						
Wastewater Treatment	-	1,335,741	1,335,741	-	1,104,580	1,104,580
Water System	-	2,023,947	2,023,947	-	1,899,132	1,899,132
Public Financing Authority	-	110,556	110,556	-	104,836	104,836
Total expenses	4,625,499	3,470,244	8,095,743	4,035,670	3,108,548	7,144,218
Excess (Deficiency) of revenues over expenditures before transfers	1,606,618	641,278	2,247,896	2,049,023	898,986	2,948,009
Transfers	(94,220)	94,220	-	(601,073)	601,073	-
Change in net position	1,512,398	735,498	2,247,896	1,447,950	1,500,059	2,948,009
Net Positions:						
Beginning of year, as restated	22,082,645	10,428,012	32,510,657	20,634,695	8,927,953	29,562,648
End of year	\$ 23,595,043	\$ 11,163,510	\$ 34,758,553	\$ 22,082,645	\$ 10,428,012	\$ 32,510,657

City of Waterford, California
Basic Financial Statements
For the year ended June 30, 2023

Management’s Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses

Governmental and business-type activity expenses of the City for the year totaled \$8,095,743. Governmental activity expenses totaled \$4,625,499 or 57% of total expenses. Business-type activities incurred \$3,470,244 of expenses during the fiscal year or 43% of total expenses.

Governmental Activities

The following table shows the cost of each of the City’s major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City’s taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2023 and 2022, are as follows:

	2023		2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 445,052	\$ 250,129	\$ 133,828	\$ (88,608)
Public ways and facility	1,295,508	(508,941)	490,724	(1,441,746)
Police services	2,164,003	1,921,419	2,625,770	2,331,658
Parks and recreation	382,281	235,095	381,708	147,014
Community development	275,726	(308,727)	339,612	33,205
Interest and fiscal charges	62,929	62,929	64,028	64,028
Total	\$ 4,625,499	\$ 1,651,904	\$ 4,035,670	\$ 1,045,551

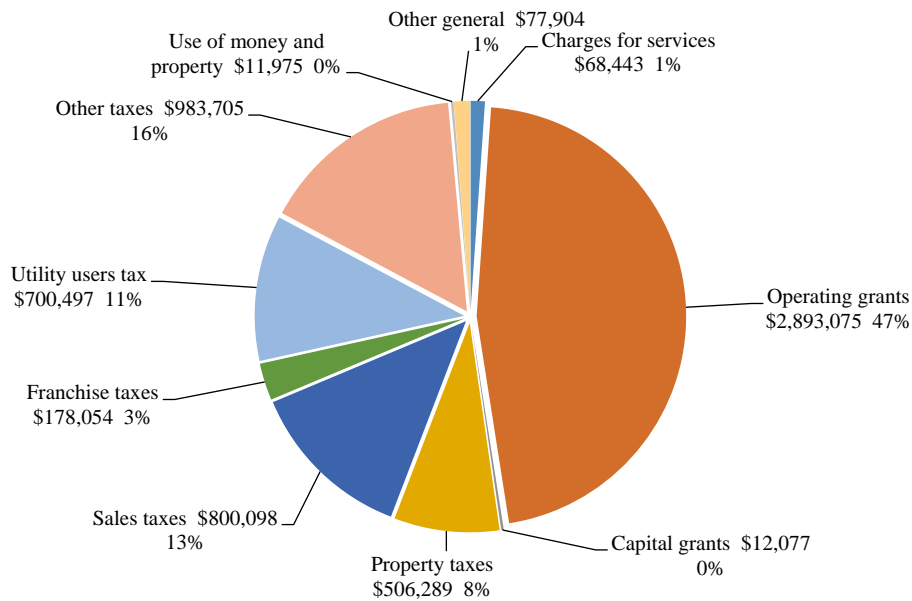
City of Waterford, California
Basic Financial Statements
For the year ended June 30, 2023

Management’s Discussion and Analysis

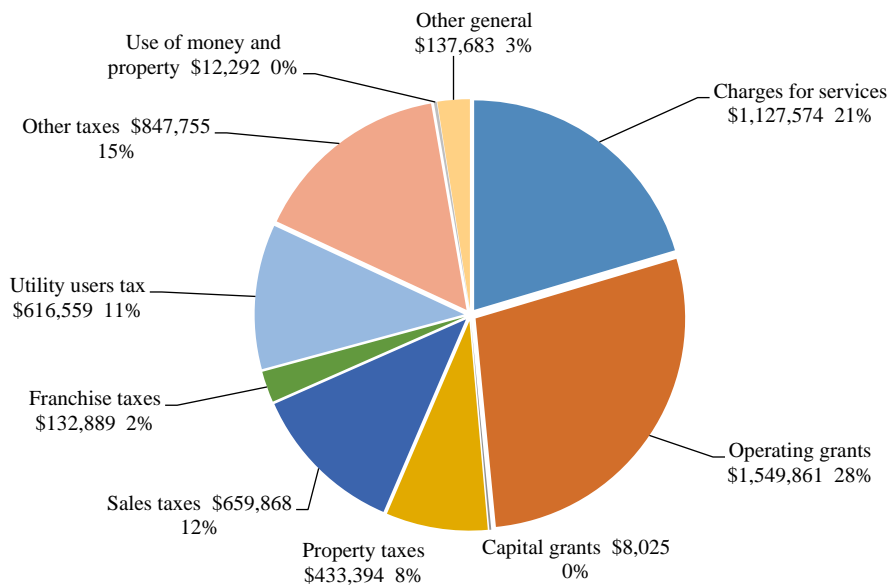
GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues by source for the fiscal years ended June 30, 2023 and 2022, are as follows:

**Revenues by Source - Governmental Activities
2023**



**Revenues by Source - Governmental Activities
2022**

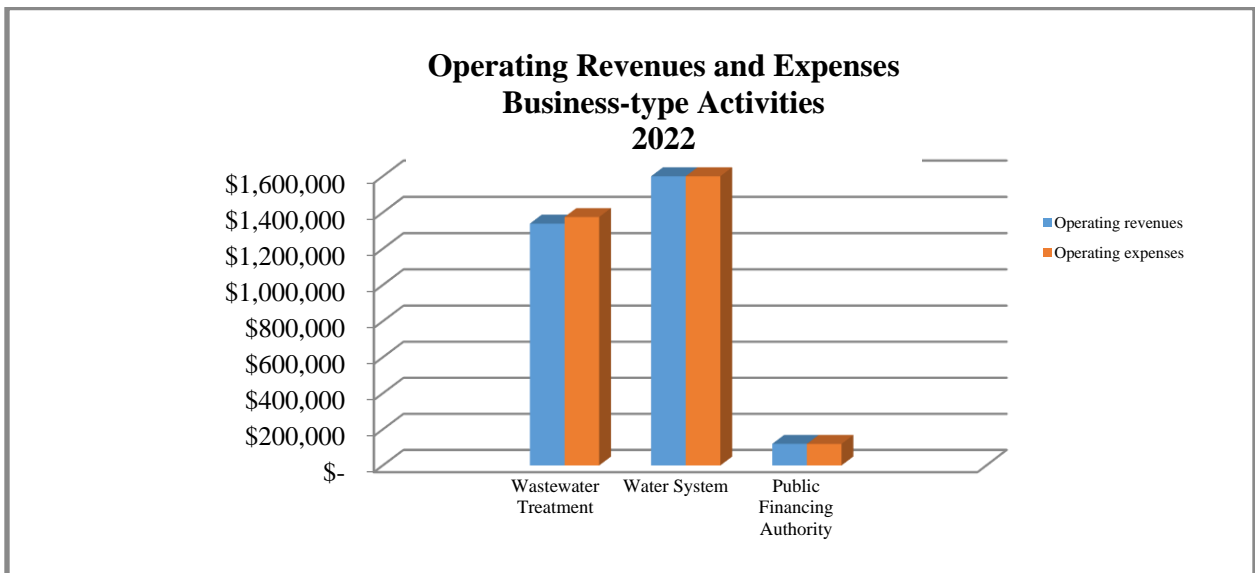
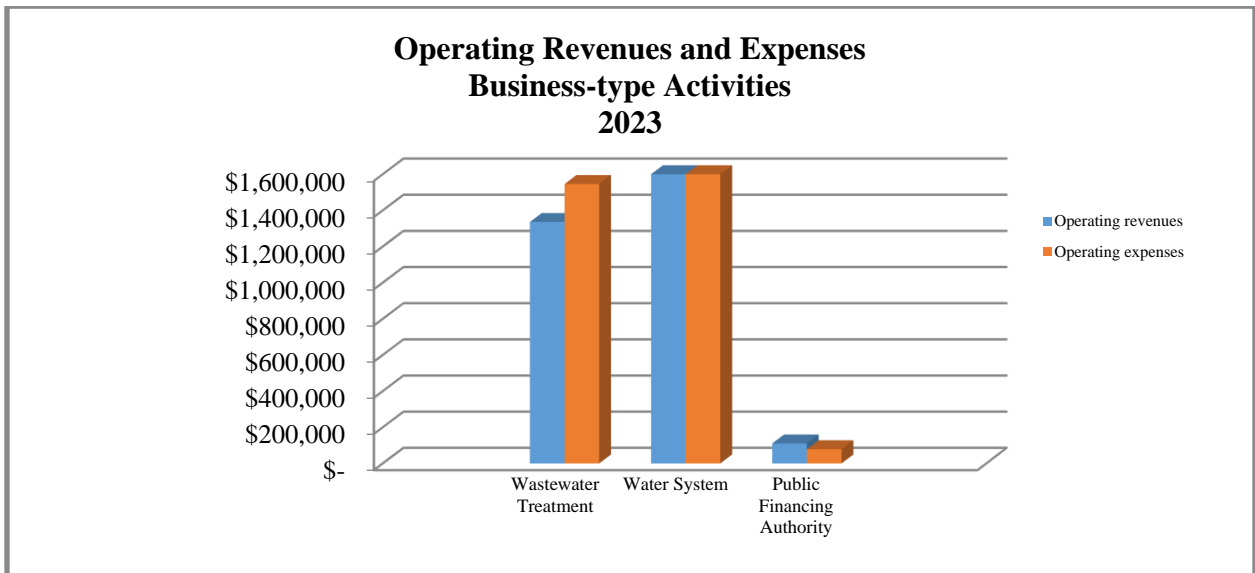


City of Waterford, California
Basic Financial Statements
For the year ended June 30, 2023

Management’s Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business-type activities. Business-type activities increased the City’s net position by \$1,500,059. The City has three business-type activities: Wastewater Treatment, Water System, and Public Financing Authority. The operating revenues and expenses for the business-type activities for the fiscal years ended June 30, 2023, and 2022, are as follows:



City of Waterford, California
Basic Financial Statements
For the year ended June 30, 2023

Management’s Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Financial Analysis of the Government’s Funds

The City of Waterford uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government, reporting the City’s operations in more detail than the government-wide financial statements.

Governmental funds. The City’s governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2023, the City’s governmental funds reported combined fund balances of \$7,765,612. This is an increase of \$574,995.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2023, General Fund unassigned fund balance totaled \$3,860,268. This is an increase of \$271,930 from the prior year.

Proprietary funds. The City’s proprietary funds net position increased by \$1,500,059 during the fiscal year ended June 30, 2023.

Capital Assets

The City’s investment in capital assets for its governmental and business-type activities as of June 30, 2023, amount to \$29,522,909. This investment in capital assets includes land, construction in progress costs for road and median improvements, buildings and structures, equipment, vehicles, and infrastructure.

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 5,399,530	\$ 5,399,530	\$ 427,672	\$ 427,672	\$ 5,827,202	\$ 5,827,202
Construction in progress	1,467,929	622,601	73,052	956,611	1,540,981	1,579,212
Buildings and structures	5,120,335	5,104,596	962,118	962,118	6,082,453	6,066,714
Equipment	3,008,797	2,961,040	4,392,010	4,185,304	7,400,807	7,146,344
Vehicles	798,635	763,739	501,955	601,955	1,300,590	1,365,694
Infrastructure	14,113,708	13,160,058	11,909,093	10,673,111	26,022,801	23,833,169
Less Accum. Deprec.	(11,591,818)	(10,561,968)	(6,216,336)	(5,733,458)	(17,808,154)	(16,295,426)
Total	<u>\$ 18,317,116</u>	<u>\$ 17,449,596</u>	<u>\$ 12,049,564</u>	<u>\$ 12,073,313</u>	<u>\$ 30,366,680</u>	<u>\$ 29,522,909</u>

More detail of the capital assets and current activity can be found in the notes to the financial statements.

City of Waterford, California
Basic Financial Statements
For the year ended June 30, 2023

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Long Term Debt

The City's total long-term debt as of June 30, 2023 and 2022 was \$5,215,209 (\$1,733,112 for Governmental Activities and \$3,482,097 for Business-type Activities) and \$5,823,731 (\$1,904,036 for Governmental Activities and \$3,919,695 for Business-type Activities) respectively. More detail of long-term debt and current activity can be found in Note 7. to the financial statements.

Economic Outlook

The City of Waterford is located in California's Central Valley, approximately 13 miles east of Modesto. It is the eight largest city in Stanislaus County. The City currently occupies a land area of approximately 1,100 acres and serves a population of approximately 9,300 persons. The City was chartered in 1969 as a municipal corporation and operates under a Council - Manager form of government. Policy-making and legislative authority are vested in a five-member governing council consisting of the Mayor and four Council Members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, approving nominees to commissions and hiring the City Manager, City Attorney, and the Police Chief. The Council is elected on a non-partisan basis. Council Members serve four-year staggered terms, with two Council Members elected every two years. The Mayor is elected and serves a two-year term. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City and for hiring and appointing the heads of the various departments.

Governmental revenues of the City consist of locally established revenue sources including charges for services, franchise fees and utility users taxes, property taxes which have some constitutional protection to prevent "borrowing" by the State, and revenue sources from the State of California and federal government including capital grants, motor vehicle license fees and motor vehicle fuel and sales taxes, which can be affected by the State of the California and national economies and the State budget.

The outlook for fiscal year 2024 is that both the national and state economies will remain in a period of economic uncertainty. The economy is experiencing record high inflation which is creating a high cost of living and financial strain for families and communities. Sales Tax numbers continue to decrease with County and State decreases of .56% and 1.09% respectively for the second quarter of 2023. The 2024 budget reflects these downward indicators. The American Rescue Plan Funds received by the City (total over two years \$2,143,900) has been designated for an infrastructure project which will extend the Water and Sewer lines out Tim Bell Road to the City limits allowing for future development of the Lake Pointe area. Measure L (the local streets and roads tax), SB1, and Gas Taxes brought in just under 1 million in funds for streets and roads projects.

City of Waterford, California
Basic Financial Statements
For the year ended June 30, 2023

Management's Discussion and Analysis

The City's Wastewater and Water Enterprise systems are both experiencing large capital demands as the systems are adjusting to growth and expansion of services. Staff is currently working on securing a grant for the consolidation of the Waterford and Hickman systems bringing completion to the integration of the systems. Without the grants the City will have to pursue other methods of financing and paying for the cost of the consolidation. The Wastewater System is currently in need of many system upgrades and enhancements to keep the system operating within standards. Staff is performing a Rate Study in 2024 to determine the rate structure needed to adequately fund those needs.

The fiscal 2024 budget reflects over \$14 million in anticipated capital projects. Several of these items including the Water System Consolidation (\$3.5 million) and the Wastewater Treatment Plant Road Rehabilitation (\$1.1 million) which are pending grant funds. The budgeted projects are categorized in the following areas:

- Buildings and Equipment \$807,800
- Park Improvements and Equipment \$95,000
- Streets \$4,757,437
- Wastewater Projects \$2,457,317
- Water \$5,969,068

City staff are anticipating future budget years to be more conservative in nature as we start to see the impact of inflation on such things as health care, retirement, and the general cost of living. The abundance of Covid related grant funds and other outside funding sources are tapering off and we expect to enter a phase of economic decline.

Requests for Information

This Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. If you have any questions about this report, need additional financial information, or would like to obtain component unit financial statements, contact the City of Waterford Finance Department, 101 E Street, Waterford, CA 95386, or visit the City's web page at www.cityofwaterford.org.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Waterford
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 8,458,075	\$ 2,593,213	\$ 11,051,288
Restricted cash and investments	-	446,217	446,217
Receivables:			
Accounts	708,309	225,994	934,303
Loans/Notes receivable	841,727	-	841,727
Loans receivable from fiduciary activities	-	200,000	200,000
Due from Successor Agency	-	24,717	24,717
Internal balances	283,193	(283,193)	-
Capital assets:			
Nondepreciable	6,867,459	500,724	7,368,183
Depreciable	11,449,657	11,548,840	22,998,497
Total assets	28,608,420	15,256,512	43,864,932
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	-	172,185	172,185
Deferred outflows related to pension	675,746	414,167	1,089,913
Total deferred outflows of resources	675,746	586,352	1,262,098
LIABILITIES			
Accounts payable and accrued liabilities	690,041	108,475	798,516
Interest payable	21,146	24,578	45,724
Deposits payable	-	167,395	167,395
Unearned revenue	1,835,651	-	1,835,651
Current portion of long-term debt	74,454	453,402	527,856
Compensated absences - current portion	-	24,094	24,094
Long-term liabilities:			
Compensated absences	24,231	23,880	48,111
Long-term debt, due after one year	1,658,658	3,028,695	4,687,353
Net pension liability	1,257,443	770,691	2,028,134
Total liabilities	5,561,624	4,601,210	10,162,834
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	127,499	78,144	205,643
Total deferred inflows of resources	127,499	78,144	205,643
NET POSITION			
Net investment in capital assets	16,584,004	9,009,490	25,593,494
Restricted	3,658,854	446,217	4,105,071
Unrestricted (deficit)	3,352,185	1,707,803	5,059,988
Total net position	\$ 23,595,043	\$ 11,163,510	\$ 34,758,553

See accompanying Notes to Basic Financial Statements.

City of Waterford
Statement of Activities
For the year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 445,052	\$ 1,038	\$ 193,885	\$ -	\$ 194,923
Public ways and facilities	1,295,508	6,325	1,786,047	12,077	1,804,449
Police services	2,164,003	14,861	227,723	-	242,584
Parks and recreation	382,281	375	146,811	-	147,186
Community development	275,726	45,844	538,609	-	584,453
Interest and fiscal charges	62,929	-	-	-	-
Total governmental activities	4,625,499	68,443	2,893,075	12,077	2,973,595
Business-type activities:					
Wastewater	1,335,741	1,545,559	-	-	1,545,559
Water	2,023,947	2,457,966	-	-	2,457,966
Public Financing Authority	110,556	78,575	-	-	78,575
Total business-type activities	3,470,244	4,082,100	-	-	4,082,100
Total primary government	\$ 8,095,743	\$ 4,150,543	\$ 2,893,075	\$ 12,077	\$ 7,055,695

General Revenues:

Taxes:

Property taxes, levied for general purposes

Sales taxes

Franchise taxes

Utility users taxes

Other taxes

Use of money and property

Other general revenues

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

Primary Government		
Net (Expense) Revenue and Changes in Net Position		
Governmental Business-Type		
Activities	Activities	Total
\$ (250,129)	\$ -	\$ (250,129)
508,941	-	508,941
(1,921,419)	-	(1,921,419)
(235,095)	-	(235,095)
308,727	-	308,727
(62,929)	-	(62,929)
<u>(1,651,904)</u>	<u>-</u>	<u>(1,651,904)</u>
-	209,818	209,818
-	434,019	434,019
-	(31,981)	(31,981)
<u>-</u>	<u>611,856</u>	<u>611,856</u>
<u>(1,651,904)</u>	<u>611,856</u>	<u>(1,040,048)</u>
506,289	-	506,289
800,098	-	800,098
178,054	-	178,054
700,497	-	700,497
983,705	-	983,705
11,975	29,422	41,397
77,904	-	77,904
<u>3,258,522</u>	<u>29,422</u>	<u>3,287,944</u>
<u>(94,220)</u>	<u>94,220</u>	<u>-</u>
<u>3,164,302</u>	<u>123,642</u>	<u>3,287,944</u>
1,512,398	735,498	2,247,896
<u>22,082,645</u>	<u>10,428,012</u>	<u>32,510,657</u>
<u>\$ 23,595,043</u>	<u>\$ 11,163,510</u>	<u>\$ 34,758,553</u>

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Funds Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund Primary operating fund of the City, accounts for all activities except those legally or administratively required to be accounted for in other funds.

CIP Streets and Roads Fund This fund is used to account for all streets and roads construction projects.

City of Waterford
Balance Sheet
Governmental Funds
June 30, 2023

	Major Funds			Totals
	General Fund	CIP Streets and Roads Capital Projects	Non-Major Governmental Funds	
ASSETS				
Cash and investments	\$ 5,488,108	\$ 937,887	\$ 2,032,080	\$ 8,458,075
Receivables:				
Account receivables	8,951	-	-	8,951
Intergovernmental	311,753	149,247	219,458	680,458
Loans/Notes receivable	-	-	841,727	841,727
Other receivable	18,900	-	-	18,900
Due from other funds	85,047	-	-	85,047
Due from Successor Agency	-	-	-	-
Advances to other funds	283,193	-	-	283,193
Total assets	\$ 6,195,952	\$ 1,087,134	\$ 3,093,265	\$ 10,376,351
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 216,840	\$ 439,751	\$ 33,450	\$ 690,041
Due to other funds	-	-	85,047	85,047
Unearned revenue	1,835,651	-	-	1,835,651
Deposits payable	-	-	-	-
Total liabilities	2,052,491	439,751	118,497	2,610,739
Fund Balances:				
Nonspendable - Advances	283,193	-	-	283,193
Restricted	-	647,383	3,011,471	3,658,854
Unassigned	3,860,268	-	(36,703)	3,823,565
Total fund balances	4,143,461	647,383	2,974,768	7,765,612
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,195,952	\$ 1,087,134	\$ 3,093,265	\$ 10,376,351

City of Waterford
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2023

Total Fund Balances - Total Governmental Funds		\$ 7,765,612
Amounts reported for governmental activities in the Statement of Net Position were different because:		
Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds' Balance Sheet.		18,317,116
Interest payable is not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.		(21,146)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.		
Compensated absence	\$ (24,231)	
Due within one year	(74,454)	
Due after one year	(1,658,658)	
Net pension liability	(1,257,443)	
Deferred outflows of resources - pensions	675,745	
Deferred inflows of resources - pensions	(127,498)	
Total long-term liabilities	<u>\$ (2,466,539)</u>	(2,466,539)
Net Position of Governmental Activities		<u>\$ 23,595,043</u>

City of Waterford

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2023

	Major Funds			Totals
	General Fund	CIP Streets and Roads Capital Projects	Non-Major Governmental Funds	
REVENUES:				
Taxes and assessments	\$ 3,144,470	\$ -	\$ 135,524	\$ 3,279,994
Licenses and permits	66,528	-	-	66,528
Intergovernmental	378,202	742,280	1,652,304	2,772,786
Fines and forfeitures	13,936	-	-	13,936
Charges for services	1,515	-	-	1,515
Use of money and property	19,744	-	(24)	19,720
Other revenues	22,998	-	54,644	77,642
Total revenues	3,647,393	742,280	1,842,448	6,232,121
EXPENDITURES:				
Current:				
General government	190,058	-	453	190,511
Public ways and facilities	402,852	8,750	136,662	548,264
Police services	2,135,340	-	26,949	2,162,289
Parks and recreation	253,381	-	-	253,381
Community development	275,726	-	-	275,726
Capital outlay	155,416	1,014,359	732,902	1,902,677
Debt service:				
Principal	157,296	-	13,628	170,924
Interest and fiscal charges	53,040	-	6,094	59,134
Total expenditures	3,623,109	1,023,109	916,688	5,562,906
REVENUES OVER (UNDER) EXPENDITURES	24,284	(280,829)	925,760	669,215
OTHER FINANCING SOURCES (USES):				
Transfers in	356,124	795,964	70,890	1,222,978
Transfers out	(108,478)	-	(1,208,720)	(1,317,198)
Total other financing sources (uses)	247,646	795,964	(1,137,830)	(94,220)
Net change in fund balances	271,930	515,135	(212,070)	574,995
FUND BALANCES:				
Beginning of year	3,871,531	132,248	3,186,838	7,190,617
End of year	\$ 4,143,461	\$ 647,383	\$ 2,974,768	\$ 7,765,612

City of Waterford

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities For the year ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$	574,995
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Amounts reported for governmental activities in the Statement of Activities are different

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	\$ 1,897,370	
Depreciation expense	<u>(1,029,850)</u>	867,520

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Principal retirement of debt	170,924	
Changes in interest payable	(3,795)	
Change in compensated absences	1,044	
Change in net pension liability and related accounts	<u>(98,290)</u>	69,883

Change in Net Position of Governmental Activities	\$	<u><u>1,512,398</u></u>
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PROPRIETARY FUND FINANCIAL STATEMENTS

Wastewater Treatment Fund accounts for all financial transactions relating to the City's wastewater collection and treatment.

Water System Fund all financial transactions relating to the City's three water systems, River Pointe, Waterford and Hickman.

Public Financing Authority Fund accounts for the accumulation of resources from lease payments and the payment of long-term debt incurred by the Financing Authority.

City of Waterford
Statement of Net Position
Proprietary Funds
June 30, 2023

	Wastewater Treatment Fund	Water System Fund	Public Financing Authority Fund	Totals
ASSETS				
Current assets:				
Cash and investments	\$ 618,163	\$ 1,607,906	\$ 367,144	\$ 2,593,213
Restricted cash and investments	-	-	446,217	446,217
Receivables:				
Account receivables	103,871	122,123	-	225,994
Due from other funds	-	-	36,370	36,370
Total current assets	722,034	1,730,029	849,731	3,301,794
Noncurrent assets:				
Loan to Successor Agency private purpose trust	-	-	200,000	200,000
Other advances	-	-	24,717	24,717
Capital assets, net	3,681,272	8,368,292	-	12,049,564
Total noncurrent assets	3,681,272	8,368,292	224,717	12,274,281
Total assets	4,403,306	10,098,321	1,074,448	15,576,075
DEFERRED OUTFLOW OF RESOURCES				
Deferred loss on refunding	77,023	-	95,162	172,185
Deferred outflows related to pension	239,781	152,588	21,798	414,167
Total deferred outflows of resources	316,804	152,588	116,960	586,352
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	20,074	88,401	-	108,475
Due to other funds	-	36,370	-	36,370
Interest payable	19,804	4,774	-	24,578
Deposits payable	77,302	90,093	-	167,395
Current portion of long-term debt	232,102	211,300	10,000	453,402
Compensated absences - current portion	7,643	15,927	524	24,094
Total current liabilities	356,925	446,865	10,524	814,314
Noncurrent liabilities:				
Compensated absences	10,686	12,485	709	23,880
Long-term debt, due after one year	1,259,795	1,413,900	355,000	3,028,695
Advance from general fund	-	283,193	-	283,193
Net pension liability	446,189	283,939	40,563	770,691
Total noncurrent liabilities	1,716,670	1,993,517	396,272	4,106,459
Total liabilities	2,073,595	2,440,382	406,796	4,920,773
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	45,241	28,790	4,113	78,144
Total deferred inflows of resources	45,241	28,790	4,113	78,144
NET POSITION				
Net investment in capital assets	2,266,398	6,743,092	-	9,009,490
Restricted	-	-	446,217	446,217
Unrestricted (deficit)	334,876	1,038,645	334,282	1,707,803
Total net position	\$ 2,601,274	\$ 7,781,737	\$ 780,499	\$ 11,163,510

See accompanying Notes to Basic Financial Statements.

City of Waterford

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the year ended June 30, 2023

	Wastewater Treatment Fund	Water System Fund	Public Financing Authority Fund	Totals
OPERATING REVENUES:				
Charges for services	\$ 1,545,559	\$ 2,448,147	\$ 78,575	\$ 4,072,281
Other operating revenue	-	9,819	-	9,819
Total operating revenues	1,545,559	2,457,966	78,575	4,082,100
OPERATING EXPENSES:				
Salaries and benefits	577,276	762,920	22,635	1,362,831
Maintenance and operations	389,746	626,213	5,729	1,021,688
Professional fees	36,781	179,666	4,921	221,368
Materials and supplies	25,570	130,723	-	156,293
Depreciation	215,732	267,146	-	482,878
Total direct operating expenses	1,245,105	1,966,668	33,285	3,245,058
OPERATING INCOME (LOSS):	300,454	491,298	45,290	837,042
NONOPERATING REVENUES (EXPENSES):				
Interest revenue	(1,720)	16,696	14,446	29,422
Interest expense	(90,636)	(57,279)	(77,271)	(225,186)
Total Nonoperating revenues (expenses)	(92,356)	(40,583)	(62,825)	(195,764)
NET INCOME (LOSS) BEFORE TRANSFERS	208,098	450,715	(17,535)	641,278
Transfers in	30,217	73,452	551	104,220
Transfers out	(2,500)	(7,500)	-	(10,000)
Total transfers	27,717	65,952	551	94,220
Change in net position	235,815	516,667	(16,984)	735,498
NET POSITION:				
Beginning of year	2,365,459	7,265,070	797,483	10,428,012
End of year	<u>\$ 2,601,274</u>	<u>\$ 7,781,737</u>	<u>\$ 780,499</u>	<u>\$ 11,163,510</u>

City of Waterford
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2023

	Wastewater Treatment Fund	Water System Fund	Public Financing Authority Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers/ users for services provided	\$ 1,597,783	\$ 2,541,728	\$ 78,575	\$ 4,218,086
Cash payments to suppliers for goods and services	(435,501)	(1,791,462)	(10,650)	(2,237,613)
Cash payments to employees for services	(543,177)	(752,132)	(19,542)	(1,314,851)
Net cash provided by operating activities	619,105	(1,866)	48,383	665,622
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from other funds	30,217	73,452	551	104,220
Cash disbursements to other funds	(2,500)	(7,500)	-	(10,000)
Net cash provided by (used in) noncapital financing activities	27,717	65,952	551	94,220
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(42,720)	(416,409)	-	(459,129)
Principal paid on long term debt	(227,798)	(204,800)	(5,000)	(437,598)
Interest paid on long term debt	(75,231)	(57,279)	(58,185)	(190,695)
Net cash used in capital and related financing activities	(345,749)	(678,488)	(63,185)	(1,087,422)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from Investment in Special Assessment Bonds	-	-	40,000	40,000
Investment income received	(1,720)	16,696	14,446	29,422
Net cash provided by (used in) investing activities	(1,720)	16,696	54,446	69,422
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	299,353	(597,706)	40,195	(258,158)
CASH AND CASH EQUIVALENTS:				
Beginning of year	318,810	2,205,612	773,166	3,297,588
End of year	\$ 618,163	\$ 1,607,906	\$ 813,361	\$ 3,039,430
PRESENTATION IN STATEMENT OF NET POSITION				
Cash and investments	\$ 618,163	\$ 1,607,906	\$ 367,144	\$ 2,593,213
Restricted cash and investments	-	-	446,217	446,217
Total	\$ 618,163	\$ 1,607,906	\$ 813,361	\$ 3,039,430
CASH FLOWS FROM OPERATING ACTIVITIES:				
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 300,454	\$ 491,298	\$ 45,290	\$ 837,042
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	215,732	267,146	-	482,878
Pension plan	34,877	22,195	3,172	60,244
(Increase) decrease in assets:				
Accounts receivable	48,927	75,822	-	124,749
Increase (decrease) in liabilities:				
Accounts payable	16,596	(854,860)	-	(838,264)
Deposits payable	3,297	7,940	-	11,237
Compensated absences	(778)	(11,407)	(79)	(12,264)
Net cash provided by (used in) operating activities	\$ 619,105	\$ (1,866)	\$ 48,383	\$ 665,622

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Successor Agency - Former Waterford Redevelopment Agency accounts for funds collected and disbursed for the dissolution of the former Waterford Redevelopment Agency related to Administration and Retirement of enforceable obligations

City of Waterford
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Private Purpose Trust Fund
	Successor Agency - Former Waterford Redevelopment Agency
ASSETS	
Current assets:	
Cash and investments	\$ 814
Total assets	<u>814</u>
LIABILITIES	
Current liabilities:	
Due to others	<u>24,718</u>
Total current liabilities	<u>24,718</u>
Long term obligations:	
Loan payable	<u>200,000</u>
Total long-term liabilities	<u>200,000</u>
Total liabilities	<u>224,718</u>
NET POSITION	
Net position held in trust for redevelopment dissolution	<u>(223,904)</u>
Total net position (deficit)	<u>\$ (223,904)</u>

City of Waterford
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2023

	Private Purpose Trust Fund
	Successor Agency - Former Waterford Redevelopment Agency
ADDITIONS:	
Property taxes	\$ 66,000
Gain on sale of assets	-
Investment income	-
Total additions	<u>66,000</u>
DEDUCTIONS:	
General government	7,000
Interest and trustee fees	<u>15,400</u>
Total Deductions	<u>22,400</u>
Change in fiduciary net position	43,600
NET POSITION:	
Beginning of year	<u>(267,504)</u>
End of year	<u><u>\$ (223,904)</u></u>

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City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

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City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Waterford, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City of Waterford (City) was chartered in 1969, under the laws and regulations of the State of California (State). The City operates under a City Council/Manager form of government and provides the following services: general government, public ways and facilities, police services, parks, community development, wastewater treatment facilities, and water.

The City operates as a self-governing local government unit within the State. It has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. The City's main funding sources include taxes, other intergovernmental revenue from state and federal sources, user fees, and federal and state financial assistance.

The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (a) the City has the ability to impose its will on the organization, or (b) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the City.

As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. These component units are reported on a blended basis. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The financial statements of the individual component units, if applicable as indicated below, may be obtained by writing to the City of Waterford, Finance Department, 101 E Street, Waterford, CA 95386.

The City's reporting entity includes the following blended component unit:

The Waterford Public Financing Authority was established to provide for financing of public capital improvements for the City, the Agency and other local agencies. The City Council members serve as the Governing Board of the Authority and all accounting and administrative functions are performed by the City, which records all activity of the Authority in an enterprise fund. Financial statements for the Authority may be obtained from the City's finance department.

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity with its own self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses. These funds are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations, restrictions or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column.

These financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred inflows/outflows of resources, and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liabilities are incurred.

Certain types of transactions reported as program revenues for the City are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards 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, internal fund 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/from other funds
- Transfers in/out

The City applies all applicable GASB pronouncements including all NCGA Statements and Interpretations currently in effect.

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that meet specific qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

The City reports the following funds as major governmental funds of the City:

General Fund accounts for resources traditionally associated with governmental activities that are not required legally or by sound financial management to be accounted for in another fund.

CIP Streets and Roads Capital Projects Fund accounts for all streets and roads construction projects.

The City reports the following funds as non-major governmental funds of the City:

Gas tax Special Revenue Fund accounts for funds received and expended for street maintenance purposes as defined in Sections 2105, 2106, 2107, and 2107.5 of the Streets and Highway Code.

Local Transportation Special Revenue Fund accounts for funds received and expended for streets and road under the Transportation Development Act.

Community Development Special Revenue Fund accounts for monies received from the US Department of Housing & Urban Development and expended principally for programs and activities to benefit low-income residents through a first time homebuyers program to produce affordable housing and rehabilitate existing residential units and infrastructure improvements in low/moderate income neighborhoods.

Lighting District Special Revenue Fund accounts for Assessments collected and expended for the City of Waterford Lighting District.

Abandoned Vehicle Abatement Special Revenue Fund accounts for funds received and expended for Abandoned Vehicle Abatement.

Lighting and Landscaping Special Revenue Fund accounts for Assessments collected and expended for the City of Waterford Lighting and Landscaping District.

Special Business Pilot Program Special Revenue Fund accounts for cannabis pilot program revenue.

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

CFD 2019-1 Maintenance Service Fund accounts for the services, administrative expenditures and other maintenance expenditures for the Community Facility District

Impact Fees Special Revenue Fund accounts for Development Impact Fees collected and expended.

CIP Streets Measure L Capital Projects Fund accounts for Measure L monies received by the City for local streets and roads construction projects.

CIP Parks Capital Projects Fund accounts for all parks related construction projects.

The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year end, with the exception of grant revenues. Grant revenues are considered to be available if collected within 180 days of the end of the current fiscal period.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which a liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the Wastewater Treatment, Water System and Public Financing Authority Funds as proprietary funds of the City.

Wastewater Treatment Fund accounts for all financial transaction relating to the City’s wastewater collection and treatment.

Water System Fund accounts for all the financial transactions relating to the city’s three water systems, River Pointe, Waterford and Hickman.

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Fund Financial Statements, Continued

Public Financing Authority Fund accounts for the accumulation of resources from lease payments and the payment of long-term debt incurred by the financing Authority.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City has one types of fiduciary fund, a private-purpose trust fund. Private-purpose trust funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments (i.e. unclaimed property/escheat property). Fiduciary funds are accounted for using the accrual basis of accounting. The City reports the following fiduciary fund:

Successor Agency-Former Waterford Redevelopment Agency-Trust Fund – accounts for funds collected and disbursed for the dissolution of the former Waterford Redevelopment Agency related to administration and retirement of enforceable obligations.

C. Cash, Cash Equivalents, and Investments

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 40, Deposit and Investment Disclosures (Amendment of GASB No. 3), certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash, Cash Equivalents, and Investments, Continued

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. 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.

The City participates in an investment pool managed by the State of California entitled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to the change in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as "Cash and Investments" in the accompanying Basic Financial Statements.

For the purpose of the statement of cash flows, the City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

D. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt, for acquisition and construction of capital projects, and to meet bond indenture debt reserve requirements. Cash and investments are also restricted for deposits held for others within the enterprise funds.

E. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, furniture, and infrastructure assets (e.g. roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at acquisition value on the date donated.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized, since then these assets have been valued at estimated historical cost.

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Capital Assets, Continued

City policy has set the capitalization threshold for reporting capital assets at the following:

General Capital Assets	\$	10,000
Infrastructure Capital Assets	\$	25,000

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year’s pro rata share of the cost of capital assets. GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. No depreciation is recorded in the year of acquisition or in the year of disposition.

The City has assigned the useful lives listed below to capital assets.

Buildings and Improvements	15 - 30 years
Equipment and Vehicles	5 - 15 years
Treatment Plant	50 years
Infrastructure - Streets	10 - 40 years
Infrastructure - Parks	10 - 40 years

Public domain (infrastructure) capital assets include roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems.

Interest accrued during capital assets construction, if any, is capitalized for the business-type activities as part of the asset cost.

F. Compensated Absences

City employees are granted vacation in varying amounts based on classification and length of service. Upon termination or retirement, the city pays 100% of the vacation time accrued and normally none of the accrued sick leave. The city’s liability for the compensated absences is recorded in various Governmental funds and Proprietary funds as appropriate. The City’s liability for the compensated absences is determined annually. The short-term liability which will be liquidated with current financial resources is the amount of settlement reached, but unpaid, related to claims and judgments entered.

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Long Term Debt

Government-Wide Financial Statements – Long-term debt and other long-term obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable is reported net of the applicable bond premium or discount. Bond issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred.

Fund Financial Statements – The governmental fund financial statements do not present long-term debt. As such, long-term debt is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

Bond premiums and discounts are recognized during the current period as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Bond proceeds are reported as other financing sources.

Proprietary Fund and Fiduciary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements.

H. Property Taxes

Property taxes in the State of California are administered for all local agencies at the county level and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes.

Stanislaus County assesses properties and it bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. Collection of delinquent accounts is the responsibility of the County, which retains all penalties collected.

The term “unsecured” refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above.

I. Deferred Outflows/Inflows of Resources

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

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. *Deferred Outflows/Inflows of Resources, Continued*

In addition to liabilities, the statement of net position (balance sheet) will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

J. *Net Position*

Government-Wide Financial Statements

In the Government-Wide Financial Statements, net position are classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of governments.

Unrestricted - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position" as defined above.

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 net position first.

K. *Fund Balances*

Fund Financial Statements

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). The new classifications of fund balances are listed below:

Non-spendable Fund Balances

These include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact, e.g., the principal of an endowment fund. Examples of "not in spendable form" include inventory, prepaid amounts, long-term notes and loans, property held for resale and other items not expected to be converted to cash. However, if the proceeds from the eventual sale or liquidation of the items would be considered restricted, committed or assigned (as defined further on) then these amounts would be included in the restricted, committed or assigned instead of the non-spendable classification. A debt service reserve fund held by a trustee is an example of fund balance in non-spendable form that is classified as restricted instead of non-spendable since the reserve is eventually liquidated to make the final debt service principal payment.

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Fund Balances, Continued

Restricted Fund Balances

Restricted fund balances have externally enforceable limitations on use. The limitations on use can be imposed by creditors, grantors, or contributors as well as by constitutional provisions, City charter, enabling legislation, laws and government regulations.

Committed Fund Balances

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (Resolution) of the City Council are classified as committed fund balances. The formal action that is required to be taken to establish, modify, or rescind the fund balance commitment is resolution.

Assigned Fund Balances

Fund balance amounts for which the City Council has expressed intent for use but not taken formal action to commit are reported as assigned under GASB 54. These include funds encumbered by purchase order in the General Fund for which the authorization has not lapsed, interest accrued to restricted or committed fund balances when such interest is not required to be classified as restricted or committed. Assigned amounts for a specific purpose are authorized by the City Manager through its fund balance policy.

Unassigned Fund Balance

The residual classification for the General Fund is unassigned fund balance. The General Fund is the only fund that may report a positive unassigned balance.

Hierarchy of Expenditures to Classify Fund Balance Amounts

To determine the composition of ending fund balances, the Council established the order in which restricted and unrestricted (committed, assigned and unassigned) funds are to be expended. To this purpose, for expenditures made in any governmental fund, the restricted amounts will be reduced first, followed by committed amounts, assigned amounts, and then unassigned amounts.

L. Pension

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's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plans' 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.

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Use of Estimates

The preparation of the Basic Financial Statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amounts of revenues and expenses. Actual results could differ from these estimates and assumptions.

N. New Pronouncements

In 2023, the City adopted new accounting standards to conform to the following Governmental Accounting Standard Board Statements:

GASB Statement No. 91, Conduit Debt Obligations – 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. The requirements of this statement did not apply to the City for the current fiscal year.

GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP in an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The requirements of this statement did not apply to the City for the current fiscal year.

GASB Statement No. 96, Subscription-based Information Technology Arrangements – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement did not apply to the City for the current fiscal year.

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

2. CASH AND INVESTMENTS

The City maintains a cash and investment pool for all funds. Certain restricted funds that are held and invested by independent outside custodians through contractual agreements are not pooled. These restricted funds include cash and investment held by trustees.

The following is a summary of cash and investments at June 30, 2023:

	<u>Government-Wide Statement</u>			Total
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	
Deposits and investments	\$ 8,458,075	\$ 2,593,213	\$ 814	\$ 11,052,102
Restricted cash and investments	-	446,217	-	446,217
Total cash and investments	\$ 8,458,075	\$ 3,039,430	\$ 814	\$ 11,498,319

A. Summary of Cash and Investments

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

Cash on hand	\$ 626
Deposits with financial institution	<u>5,271,582</u>
Total cash on hand and deposits	<u>5,272,208</u>
Investments	<u>5,779,894</u>
Subtotal City Treasury	<u>11,052,102</u>
Restricted cash and investments	<u>446,217</u>
Total cash and investments	\$ <u>11,498,319</u>

B. Deposits

The carrying amount of the City's cash deposit was \$5,271,582 at June 30, 2023. Bank balances before reconciling items were a positive amount of \$5,477,037 at June 30, 2023. The City's cash deposit was fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities held by the pledging financial institutions in the City's name.

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

2. CASH AND INVESTMENTS, Continued

B. Deposits, Continued

The California Government Code (Code) Section 53652 requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. The 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.

The fair value of pledged securities 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 mortgage notes having a value of 150% of the City's total cash deposits.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

C. Investments

Under the provisions of the City's investment policy, and in accordance with the Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Bankers' Acceptance	180 days	30%	30%
Negotiable Certificates of Deposit	N/A	10%	10%
Commercial Paper	270 days	15%	Lesser of \$3 Million or 10%
State of California Local Agency	Upon Demand	\$75 Million per entity	N/A
Investment Fund (State Pool)	Upon Demand	\$75 Million per entity	N/A
Medium Term Notes	5 years	10%	None
Money Market Funds	N/A	Unlimited	Unlimited
U.S. Treasury Obligations	10 years	Unlimited	None
U.S. Government Agency Issues	10 years	Unlimited	None
Municipal Notes or Bonds	N/A	10	None
Repurchase Agreements	1 year	Unlimited	None
Mutual Funds	N/A	20%	10%

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

2. CASH AND INVESTMENTS, Continued

C. Investments, Continued

The City's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise. The portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. Generally the City's practice is to buy and hold investments until maturity dates. Consequently, the City's investments are carried at fair value.

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2023, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

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

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

As of June 30, 2023, the City had \$3,324,435 invested in LAIF, which had invested 2.78% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 1.88% in the previous year. The LAIF fair value factor of 0.984828499 was used to calculate the fair value of the investments in LAIF.

The City is a voluntary participant in the Central San Joaquin Valley Risk Management Authority investment pool. The Authority has established an investment pool to allow its members to participate in the same investments in which the Authority's excess funds are invested. The pool is meant as a long-term investment tool for the member cities. The minimum contribution to the pool is \$100,000. Interest is apportioned quarterly, based on each member's pool balance.

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

2. CASH AND INVESTMENTS, Continued

D. Risk disclosure

Interest Risk: Interest rate risk is the market value fluctuation due to overall changes in the interest rates. It is mitigated by limiting the average maturity of the City's portfolio not to exceed three years.

Investments held in the City Treasury grouped by maturity date at June 30, 2023, are shown below:

Investment Type	Total	Investment Maturities (in years)				
		1 year or Less	1 - 2 years	2- 3 years	3 - 4 years	4 years or More
Municipal Bonds						
Los Angeles County	\$ 60,483	\$ 60,483	\$ -	\$ -	\$ -	\$ -
Nevada IRR	65,775	65,775	-	-	-	-
Subtotal	126,258	126,258	-	-	-	-
Corporate Bonds:						
Alphabet Inc.	162,905	162,905	-	-	-	-
Microsoft Corp.	198,814	198,814	-	-	-	-
Chevron Corp.	98,254	98,254	-	-	-	-
Subtotal	459,973	459,973	-	-	-	-
Insured Deposits	222,610	222,610	-	-	-	-
State Of California Local Agency Investment Fund	3,324,435	3,324,435	-	-	-	-
CSJVRMA Investment Pool	1,646,618	1,646,618	-	-	-	-
Total	\$ 5,779,894	\$ 5,779,894	\$ -	\$ -	\$ -	\$ -

Credit Risk: Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. According to the City's investment policy, no more than 10% of the total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities, and LAIF. If a security is downgraded by either Moody' or S&P to a level below the minimum quality required by the City, it shall be the City's policy to sell that security as soon as practicable.

At June 30, 2023, the City's deposits and investments were rated as follows:

Investment Type	Credit Quality Ratings	
	Moody's	S&P
Municipal Bonds		
Los Angeles County	Aa2	AA+
Nevada IRR	N/A	AA+
Corporate Bonds:		
Alphabet Inc.	Aa2	AA+
Microsoft Corp.	Aaa	AAA
Chevron Corp.	Aa2	AA-
State Of California Local Agency Investment	Not Rated	Not Rated
Investment Pool	Not Rated	Not Rated

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

2. CASH AND INVESTMENTS, Continued

D. Risk disclosure, Continued

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the City's investments were subject to custodial credit risk.

E. Investment Valuation

Investments (except for money market accounts, time deposits, and commercial paper) are measured at fair value on a recurring basis. Recurring fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2023 are described below.

Investments included in restricted cash and investments included money market accounts and guaranteed investment contracts are not subject to fair value measurements.

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Municipal Bonds				
Los Angeles County	\$ 60,483	\$ -	\$ 60,483	\$ -
Nevada IRR	65,775	-	65,775	-
Subtotal	<u>126,258</u>	<u>-</u>	<u>126,258</u>	<u>-</u>
Corporate Bonds:				
Alphabet Inc.	\$ 162,905	\$ -	\$ 162,905	\$ -
Microsoft Corp.	198,814	-	198,814	-
Chevron Corp.	98,254	-	98,254	-
Subtotal	<u>459,973</u>	<u>-</u>	<u>459,973</u>	<u>-</u>
Total Investment subject to fair value	<u>586,231</u>	<u>\$ -</u>	<u>\$ 586,231</u>	<u>\$ -</u>
<u>Investments not subject to levelling disclosure</u>				
Insured Deposits	222,610			
Investment Pool	1,646,618			
Local Agency Investment Fund	<u>3,324,435</u>			
Total Investments	<u>\$ 5,779,894</u>			

US Governmental Bonds, Municipal Bonds, and Corporate Bonds categorized as Level 2 are valued based on matrix pricing which use observable market inputs such as yield curves and market indices that are derived principally from or corroborated by observable market data by correlation to other means. Property held for investment was categorized as Level 3 and was valued by a sale comparison appraisal approach, which was derived by using quoted prices of similar assets in active markets adjusted for differences between the City's investment property and assets for which quotes were obtained.

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2023:

	Governmental Activities	Business-type Activates	Total
Current:			
Accounts receivable	\$ 708,309	\$ 225,994	\$ 934,303
Total current	<u>708,309</u>	<u>225,994</u>	<u>934,303</u>
Noncurrent:			
Loans/notes receivable	841,727	-	841,727
Loans receivable from Private Purpose Trust	-	200,000	200,000
Total noncurrent	<u>841,727</u>	<u>200,000</u>	<u>1,041,727</u>
Total receivables	<u>\$ 1,550,036</u>	<u>\$ 425,994</u>	<u>\$ 1,976,030</u>

Amounts do not indicate a significant concentration (greater than 25%) with any single individual, business or agency.

4. LOANS RECEIVABLE

Community Development Block Grant Program Loans - The City participates in a CDBG Revolving loan program. The program is federally funded and provides housing rehabilitation loans to eligible applicants. The City makes loans to resident homeowners who qualify as low income, some of which are deferred and are not repaid until the title to property changes. The balance of these loans at June 30, 2023 was \$841,727.

During the fiscal year, the City did not issue any new loans.

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

5. CAPITAL ASSETS

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

	Balance 7/1/2022	Additions	Deletions	Transfers	Balance 6/30/2023
Governmental activities:					
Nondepreciable assets:					
Land	\$ 5,399,530	\$ -	\$ -	\$ -	\$ 5,399,530
Construction in progress	622,601	1,798,978	-	(953,650)	1,467,929
Total nondepreciable assets	6,022,131	1,798,978	-	(953,650)	6,867,459
Depreciable assets:					
Buildings and structures	5,104,596	15,739	-	-	5,120,335
Equipment	2,961,040	47,757	-	-	3,008,797
Vehicles	763,739	34,896	-	-	798,635
Infrastructure	13,160,058	-	-	953,650	14,113,708
Total depreciable assets	21,989,433	98,392	-	953,650	23,041,475
Total	28,011,564	1,897,370	-	-	29,908,934
Accumulated depreciation:					
Buildings and improvements	(2,098,350)	(252,966)	-	-	(2,351,316)
Equipment	(2,100,743)	(155,676)	-	-	(2,256,419)
Vehicles	(599,556)	(31,758)	-	-	(631,314)
Infrastructure	(5,763,319)	(589,450)	-	-	(6,352,769)
Total accumulated depreciation	(10,561,968)	(1,029,850)	-	-	(11,591,818)
Net depreciable assets	17,449,596	(931,458)	-	953,650	11,449,657
Total net capital assets	\$ 23,471,727	\$ 867,520	\$ -	\$ -	\$ 18,317,116

Depreciation expense for capital assets was charged to functions as follows:

General government	\$ 157,297
Public ways and facilities	741,938
Police services	1,715
Parks and recreation	128,900
Total	\$ 1,029,850

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

5. CAPITAL ASSETS, Continued

Business-type capital asset activity for the year ended June 30, 2023, was as follows:

	Balance 7/1/2022	Additions	Deletions	Transfers	Balance 6/30/2023
Business-type activities					
Nondepreciable assets:					
Land	\$ 427,672	\$ -	\$ -	\$ -	\$ 427,672
Construction in progress	956,611	65,355	-	(948,914)	73,052
Total nondepreciable assets	1,384,283	65,355	-	(948,914)	500,724
Depreciable assets:					
Buildings and improvements	962,118	-	-	-	962,118
Treatment plant	10,673,111	187,068	-	1,048,914	11,909,093
Equipment	4,185,304	206,706	-	-	4,392,010
Vehicles	601,955	-	-	(100,000)	501,955
Total depreciable assets	16,422,488	393,774	-	948,914	17,765,176
Total	17,806,771	459,129	-	-	18,265,900
Accumulated depreciation:					
Buildings and improvements	(753,472)	(7,489)	-	-	(760,961)
Treatment plant	(2,821,035)	(313,393)	-	-	(3,134,428)
Equipment	(1,777,410)	(161,996)	-	-	(1,939,406)
Vehicles	(381,541)	-	-	-	(381,541)
Total accumulated depreciation	(5,733,458)	(482,878)	-	-	(6,216,336)
Net depreciable assets	10,689,030	(89,104)	-	948,914	11,548,840
Total net capital assets	\$ 12,073,313	\$ (23,749)	\$ -	\$ -	\$ 12,049,564

Depreciation expense for capital assets was charged to functions as follows:

Wastewater Treatment	\$ 215,732
Water System	267,146
Total	\$ 482,878

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2023:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	\$ 690,041	\$ 108,475	\$ -	\$ 798,516
Interest payable	21,146	24,578	-	45,724
Due to other	-	-	24,718	24,718
Deposits payable	-	167,395	-	167,395
Total	\$ 711,187	\$ 300,448	\$ 24,718	\$ 1,036,353

Amounts do not indicate a significant concentration (greater than 25%) with any single vendor or employee

7. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

	Issue Amount	Balance June 30, 2022	Addition	Retirements	Balance June 30, 2023	Current Portion	Noncurrent Portion
Governmental Activity Debt:							
Capital Lease							
PNC Equipment Finance, LLC Lease Payable	\$ 297,678	\$ 187,118	\$ -	\$ (14,813)	\$ 172,305	\$ 16,880	\$ 155,425
USDA Loan	1,160,727	1,601,690	-	(140,138)	1,461,552	41,443	1,420,109
California Energy Commission Loan Payable	220,624	115,228	-	(15,973)	99,255	16,131	83,124
Total Governmental Activity Debt	\$ 1,679,029	\$ 1,904,036	\$ -	\$ (170,924)	\$ 1,733,112	\$ 74,454	\$ 1,658,658
Business-type Activity Debt:							
Wastewater Treatment Facility							
Series 2012 Refunding Bonds, 7%, due 9/15/27 (Publicly Placed)	\$ 1,930,000	\$ 970,000	\$ -	\$ (135,000)	\$ 835,000	\$ 135,000	\$ 700,000
PNC Equipment Finance, LLC Lease Payable	297,678	187,117	-	(14,813)	172,304	18,347	153,957
California Energy Commission Loan Payable	1,077,166	562,578	-	(77,985)	484,593	78,755	405,838
Total Wastewater Treatment Facility	3,304,844	1,719,695	-	(227,798)	1,491,897	232,102	1,259,795
Water System Fund							
Water Purchase Loan	3,100,000	1,830,000	-	(204,800)	1,625,200	211,300	1,413,900
Total Water System Fund	3,100,000	1,830,000	-	(204,800)	1,625,200	211,300	1,413,900
Public Financing Authority							
Series 2012 Refunding Bonds, 1.0-4.75%, due 9/15/27 (Publicly Placed)	2,165,000	370,000	-	(5,000)	365,000	10,000	355,000
Total Public Financing Authority	2,165,000	370,000	-	(5,000)	365,000	10,000	355,000
Total Business-Type Activity Debt	\$ 8,569,844	\$ 3,919,695	\$ -	\$ (437,598)	\$ 3,482,097	\$ 453,402	\$ 3,028,695
Total Primary Government	\$ 10,248,873	\$ 5,823,731	\$ -	\$ (608,522)	\$ 5,215,209	\$ 527,856	\$ 4,687,353

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

7. LONG-TERM LIABILITIES, Continued

A. PNC Equipment Finance Purchase Agreement

The City entered into a Lease Agreement with PNC Equipment Finance to fund a portion of the Solar Energy Project. The total amount financed is \$595,356. The obligation funded solar energy improvements in the Wastewater Enterprise Fund, the City's General Fund, and the Special Revenue Funds Lighting District and Lighting and Landscaping District. Amounts due under the lease obligation started in January of 2015. Annual payments ranging from \$26,194 to \$82,908 will be due each January thereafter until maturity in 2029.

B. USDA Loan

In August of 2017 the City of Waterford entered in an agreement with the USDA to provide Certificates of Participation in the amount of \$1,750,000. The funds are to be used for the construction of a new police facility. The amount will be paid back over 30 years and accrue interest of 3.25%. The final payment will be due in August of 2047.

C. California Energy Commission Loan Payable

The City entered into a Loan Agreement with the California Energy Commission to fund a portion of the Solar Energy Project. The total amount financed is \$1,297,790. The obligation funded solar energy improvements in the Wastewater Enterprise Fund and the City's General Fund. Bi-annual payments of \$50,423 will be due through maturity. The loan is at a stated rate of interest of 1% and matures in 2029.

D. Revenue Bonds

In September 2003 the Public Financing Authority issued Refunding Revenue Bonds in the principal amount of \$5,795,000 to refund the aggregate outstanding principal amount of the 1996A and 1997A Revenue Bonds which were called on September 15, 2003. Principal payments were due annually; interest payments were due semi-annually on March 15 and September 15. The 2003 Bonds were refunded in fiscal year 2012 with the 2012 Bonds discussed below, and the 2003 Bonds were called in March 2012.

In February 2012, the Authority issued the 2012 Refunding Revenue Bonds in the principal amount of \$4,095,000 to refund the outstanding principal amount of the 2003 Bonds. The refunding reduced total debt service by \$211,109, resulting in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$191,639.

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

7. LONG-TERM LIABILITIES, Continued

E. Revenue Bonds, Continued

The 2012 Bonds are repayable from former Redevelopment Agency tax increment revenues, Wastewater Enterprise charges for services, and the revenues received from the special assessment district debt. However, since the former Redevelopment Agency's portion of the Bonds is now repayable by the Successor Agency, the Public Financing Authority has recorded a receivable from the Successor Agency in the amount of its share of the Bonds, which was \$535,000 at June 30, 2012. The balance at June 30, 2023 is \$365,000. The 2012 Revenue Bonds have been recorded as liabilities of the enterprise funds from which repayment is expected.

E. Loan Payable - Water Purchase

The City entered into a Loan Agreement with Umpqua Bank to fund the acquisition of the Waterford and Hickman Water Systems. The total amount financed is \$2,934,900. Bi-Annual payments of principal interest are due through June 1, 2030. Payments total approximately \$259,000 per year and include interest of 3.13%.

F. Debt Service Requirement

Annual debt service requirements are shown below:

Year Ending June 30,	PNC Equipment Finance Purchase Agreement		USDA Loan		California Energy Commission Loan Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 36,695	\$ 12,199	\$ 41,443	\$ 50,077	\$ 94,886	\$ 5,636
2025	44,262	109,000	42,789	48,709	96,178	4,667
2026	52,353	9,333	44,180	47,295	97,142	3,703
2027	60,997	7,480	45,616	45,836	98,116	2,729
2028	70,226	5,321	47,098	44,330	99,096	1,750
2029-2033	80,076	2,831	259,472	197,277	98,430	752
2034-2038	-	-	304,468	151,550	-	-
2039-2043	-	-	357,265	97,895	-	-
2044-2048	-	-	319,221	34,932	-	-
Total	\$ 344,609	\$ 146,164	\$ 1,461,552	\$ 717,898	\$ 583,848	\$ 19,237
Due within one year	\$ 36,695	\$ 12,199	\$ 41,443	\$ 50,077	\$ 94,886	\$ 5,636
Due after one year	307,914	133,965	1,420,109	667,821	488,962	13,601
Total	\$ 344,609	\$ 146,164	\$ 1,461,552	\$ 717,898	\$ 583,848	\$ 19,237

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

7. LONG-TERM LIABILITIES, Continued

G. Debt Service Requirement, Continued

Year Ending June 30,	Revenue Bonds		Loan Payable - Water Purchase		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 145,000	\$ 52,093	\$ 211,300	\$ 50,382	\$ 529,324	\$ 170,387
2025	150,000	45,675	217,900	43,830	551,129	251,881
2026	160,000	38,775	224,700	37,076	578,375	136,182
2027	170,000	31,244	231,700	30,110	606,429	117,399
2028	575,000	13,656	239,000	22,928	1,030,420	87,985
2029-2033	-	-	500,600	23,398	938,578	224,258
2034-2038	-	-	-	-	304,468	151,550
2039-2043	-	-	-	-	357,265	97,895
2044-2048	-	-	-	-	319,221	34,932
Total	\$ 1,200,000	\$ 181,443	\$ 1,625,200	\$ 207,724	\$ 5,215,209	\$ 1,272,466
Due within one year	\$ 145,000	\$ 52,093	\$ 211,300	\$ 50,382	\$ 529,324	\$ 189,656
Due after one year	1,055,000	129,350	1,413,900	157,342	4,685,885	1,102,079
Total	\$ 1,200,000	\$ 181,443	\$ 1,625,200	\$ 207,724	\$ 5,215,209	\$ 1,291,735

G. Compensated Absences

The City records employee absences, such as vacation, illness, and holidays, for which it is expected that employees will be paid as compensated absences within the current year. Compensated absences had a balance of \$24,231 for governmental funds and \$47,974 for proprietary funds at June 30, 2023.

8. NET POSITION/FUND BALANCES

A. Net Position

	Governmental Activities	Business-type Activities	Total
Net Investment in Capital Assets	\$ 16,584,004	\$ 9,009,490	\$ 25,593,494
Restricted	3,658,854	446,217	4,105,071
Unrestricted	3,352,185	1,707,803	5,059,988
Total	\$ 23,595,043	\$ 11,163,510	\$ 34,758,553

- Restricted balances are for the same purposes as fund balance restrictions because external restriction requirements are the same. See descriptions of the restrictions below.

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

8. NET POSITION/FUND BALANCES, Continued

B. Fund Balance

Nonspendable, Restricted, Assigned, and Unassigned fund balance consisted of the following at June 30, 2023:

Nonspendable:	
Advances	\$ 283,193
Total Nonspendable	\$ 283,193
Restricted:	
Community Development	\$ 1,197,228
Lighting District	115,702
Abandoned Vehicle Abatement	17,904
Lighting and Landscaping	23,146
Impact Fee	1,310,120
CIP Street Measure L	317,109
Special Business Pilot Program	21,427
CFD 2019-1 Maintenance Service	8,835
CIP Streets and Roads	647,383
Total Restricted	\$ 3,658,854
Unassigned (deficit):	
General Fund	\$ 3,860,268
CIP Parks	(36,703)
Total Unassigned	\$ 3,823,565

Expenditures in Excess of Appropriations

The following fund had expenditures in excess of budget. Sufficient fund balances were available to fund these expenditures:

	<u>Appropriations</u>	<u>Total Expenditures and Transfers</u>	<u>Excess over Appropriations</u>
<i>Nonmajor funds:</i>			
Gas Tax	\$ 434,444	\$ 438,991	\$ (4,547)
Local Transportation	\$ 18,633	\$ 20,837	\$ (2,204)
Lighting District	\$ 22,261	\$ 26,692	\$ (4,431)

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

9. INTERFUND TRANSACTIONS

Due to and from balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Due to and due from other funds consisted of the following as of June 30, 2023:

	Due from Other Funds	Due to Other Funds
<u>Governmental Funds</u>		
Major Funds:		
General Fund	\$ 85,047	\$ -
Total Major Funds	<u>85,047</u>	<u>-</u>
Nonmajor Funds:		
Special Revenue Funds:		
Gas Tax	-	55,944
Total Special Revenue Funds	<u>-</u>	<u>55,944</u>
Capital Projects Funds:		
CIP Parks	-	29,103
Total Capital Projects Funds	<u>-</u>	<u>29,103</u>
Total governmental funds	<u>85,047</u>	<u>85,047</u>
<u>Proprietary Funds</u>		
Major Enterprise Funds:		
Water System	-	36,370
Public Financing Authority	36,370	-
Major Enterprise Funds	<u>36,370</u>	<u>36,370</u>
Total	<u>\$ 121,417</u>	<u>\$ 121,417</u>

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

9. INTERFUND TRANSACTIONS, Continued

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers Out:	Transfers In:						
	Governmental Funds			Enterprise Fund			
	General Fund	CIP Streets and Roads Fund	Non-Major Gov't Funds	Wastewater System	Water System	PFA	Total
Governmental Funds:							
General Fund	\$ -	\$ -	\$ 4,258	\$ 30,217	\$ 73,452	\$ 551	\$ 108,478
Non-Major Governmental Funds	346,124	795,964	66,632	-	-	-	1,208,720
Enterprise Funds:							
Wastewater System	2,500	-	-	-	-	-	2,500
Water System	7,500	-	-	-	-	-	7,500
Total	\$ 356,124	\$ 795,964	\$ 70,890	\$ 30,217	\$ 73,452	\$ 551	\$ 1,327,198

10. RISK MANAGEMENT

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

The City is covered for the first \$1,000,000 of each general liability claim and \$500,000 of each workers' compensation claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under the City's self-insurance retention of \$10,000 and workers' compensation losses under the City's self-insurance retention of \$10,000. The CSJVRMA participates in an excess pool, which provides general liability coverage from \$1,000,001 to \$29,000,000. The CSJVRMA participates in an excess pool, which provides workers' compensation coverage from \$500,001 to \$5,000,000 and also purchases excess insurance above the \$5,000,000 to the statutory limit.

The CSJVRMA is a consortium of fifty-four (54) cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et seq. The 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 the CSJVRMA.

Detailed financial information may be obtained from the CSJVRMA.

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 the governing documents. There were no excess claims over premiums for any of the City's risk management programs in fiscal year 2022, and there were no changes to the City's insurance coverage from the prior year.

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

General Information about the Pension Plans

Plan Descriptions - All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension 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 risk pools. Accordingly, rate plans within the safety or miscellaneous risk 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 Agency sponsors three rate plans (two miscellaneous and one closed 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 each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2023, are summarized as follows:

Hire date	Miscellaneous		Safety*
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013
Benefit formula	2.5% @ 55	2% @ 62	2.5% @ 55
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	52-67	55
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%	0.50%
Required employee contribution rates	8.000%	6.750%	0.000%
Required employer contribution rates	11.590%	7.470%	0.000%
Required payment on Unfunded Liability	\$129,653	\$2,212	\$28,185

* Closed rate plan, no active members

On January 1, 2013, the Public Employee Pension Reform Act (PEPRA) went into effect. This State law applies to employees hired after January 1, 2013 who are new to PERS. These employees are termed PEPRA members and employees that were enrolled in PERS (without significant separation) prior to January 1, 2013 are now referred to as classic members. PEPRA miscellaneous members will be enrolled in a 2% at 62 plan and PEPRA safety members will be enrolled in a 2.7% at 57 plan. PEPRA members will be required to pay half the normal cost of their plans.

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is 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 measurement period ended June 30, 2022 were \$250,572.

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

As of June 30, 2023, the City reported a net pension liability for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability	
Miscellaneous Risk Pool	\$	1,792,094
Safety Risk Pool		236,040
Total Net Pension Liability	\$	<u>2,028,134</u>

The City's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2022, and the total pension liability for the Plans used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans 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 measurement dates June 30, 2021 and 2022 was as follows:

Proportion - June 30, 2021	0.01253%
Proportion - June 30, 2022	0.01756%
Change - Increase (Decrease)	<u>0.00503%</u>

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

For the year ended June 30, 2023, the City recognized pension expense of \$417,390. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 45,758	\$ 26,667
Changes of Assumptions	207,437	-
Differences between Projected and Actual Investment Earnings	365,538	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	178,976
Change in Employer's Proportion	212,324	-
Pension Contributions Made Subsequent to Measurement Date	258,856	-
	<u>\$ 1,089,913</u>	<u>\$ 205,643</u>

\$258,856 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2024	\$ 164,427
2025	151,450
2026	86,022
2027	223,515

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Actuarial Assumptions - The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Investment rate of return	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Mortality rate table ¹	Derived using CalPERS' Membership Data for all Funds Contract COLA up to 2.3% until Purchasing Power
Post Retirement Benefit Increase	<u>Protection Allowance Floor on Purchasing Power applies</u>

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

Discount Rate - Discount Rate - The discount rate used to measure the total pension liability for the Plan was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. A detailed report testing these projections can be obtained from the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

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 ⁽¹⁾⁽²⁾
Global Equity	30.00%	4.45%
Global Fixed Income	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Estate	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for 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:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net Pension Liability as of June 30, 2022			
Miscellaneous Risk Pool	\$ 2,826,023	\$ 1,792,094	\$ 941,427
Safety Risk Pool	487,675	236,040	30,387
Total	\$ 3,313,698	\$ 2,028,134	\$ 971,814

Pension Plan Fiduciary Net Position -Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2023 the City reported a payable of \$0 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

City of Waterford, California
Notes to Basic Financial Statements
For the year ended June 30, 2023

12. COMMITMENTS AND CONTINGENCIES

Litigation

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

Commitments

The City had no significant unexpended contractual commitments as of June 30, 2023.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

City of Waterford, California
Required Supplementary Information
For the year ended June 30, 2023

1. BUDGETS AND BUDGETARY ACCOUNTING

A. *Budgeting Procedures*

The City Council establishes budgets for the General Fund and all Special Revenue Funds, except for certain Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

The City Council may amend the budget by motion during the fiscal year. Only the Council can authorize transfers between funds and approve inter-fund loans. The City Manager is authorized to transfer budgeted amounts within a fund without formal council action or approval. The City Manager is authorized to increase expenditures in relation to revenues in funds receiving assigned revenues without approval by the City Council.

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. There were no material supplemental appropriations made for the fiscal year ended June 30, 2022. Budget information is presented for the General and Special Revenue Funds in the fund financial statements. The budget information is presented on a basis consistent with generally accepted accounting principles. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year.

City of Waterford, California
Required Supplementary Information
For the year ended June 30, 2023

1. BUDGETS AND BUDGETARY ACCOUNTING, Continued

B. Budgetary Comparison Schedules

Budgetary Comparison Schedule, General Fund

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 2,894,773	\$ 3,002,080	\$ 3,144,470	\$ 142,390
Licenses and Permits	108,420	58,420	66,528	8,108
finances and forfeitures	18,800	18,800	13,936	(4,864)
Intergovernmental	1,245,450	2,184,747	378,202	(1,806,545)
Use of money and property	28,400	23,400	19,744	(3,656)
Charges for Services	2,900	2,900	1,515	(1,385)
Other revenues	8,400	8,400	22,998	14,598
Total revenues	4,307,143	5,298,747	3,647,393	(1,651,354)
EXPENDITURES:				
Current:				
General Government	237,129	251,429	190,058	61,371
Public safety	2,197,258	2,197,258	2,135,340	61,918
Public ways and facilities	315,611	352,135	402,852	(50,717)
Community development	277,403	224,403	275,726	(51,323)
Culture and recreation	248,372	270,855	253,381	17,474
Capital outlay	883,038	954,638	155,416	799,222
Debt service:				
Principal	157,296	157,296	157,296	-
Interest and fiscal charges	53,040	53,040	53,040	-
Total expenditures	4,369,147	4,461,054	3,623,109	837,945
REVENUES OVER (UNDER) EXPENDITURES	(62,004)	837,693	24,284	(813,409)
OTHER FINANCING SOURCES (USES):				
Transfers in	401,542	358,261	356,124	(2,137)
Transfers out	(1,989,341)	(1,989,341)	(108,478)	1,880,863
Total other financing sources (uses)	(1,587,799)	(1,631,080)	247,646	1,878,726
Net change in fund balances	\$ (1,649,803)	\$ (793,387)	271,930	\$ 1,065,317
FUND BALANCES:				
Beginning of year			3,871,531	
End of year			\$ 4,143,461	

City of Waterford, California
Required Supplementary Information
For the year ended June 30, 2023

2. DEFINED BENEFIT PENSION PLAN

A. Schedule of the City's Proportionate Share of the Net Pension Liability - Last 10 Years

Fiscal year	2023	2022	2021	2020	2019
Measurement date	6/30/2021	6/30/2020	6/30/2020	6/30/2019	6/30/2018
Plan's Proportion of the Net Pension Liability	0.01756%	0.01253%	0.01534%	0.01482%	0.01420%
Plan's Proportionate Share of the Net Pension Liability	\$ 2,028,134	\$ 677,465	\$ 1,669,249	\$ 1,518,686	\$ 1,368,310
Plan's Covered Payroll	\$ 1,174,882	\$ 1,045,602	\$ 1,041,898	\$ 1,109,165	\$ 1,075,104
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	172.62%	64.79%	160.21%	136.92%	127.27%
Plan's Proportionate share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	76.68%	88.29%	75.10%	75.26%	75.26%
Fiscal year	2018	2017	2016	2015 *	
Measurement date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	
Plan's Proportion of the Net Pension Liability	0.01410%	0.01363%	0.01253%	0.01123%	
Plan's Proportionate Share of the Net Pension Liability	\$ 1,398,481	\$ 1,179,354	\$ 860,166	\$ 699,969	
Plan's Covered Payroll	\$ 1,011,690	\$ 958,704	\$ 851,746	\$ 837,390	
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	138.23%	123.02%	100.99%	83.59%	
Plan's Proportionate share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	73.31%	74.06%	78.40%	79.82%	

Notes to Schedule

*Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016, and then decreased from 7.65% to 7.15% in fiscal year 2018. The discount rate was decreased to 6.9% in fiscal year 2023.

The CalPERS mortality assumptions were adjusted in fiscal year 2019.

City of Waterford, California
Required Supplementary Information
For the year ended June 30, 2023

2. DEFINED BENEFIT PENSION PLAN, Continued

B. Schedule of Contributions - Last 10 Years

Fiscal year	2023	2022	2021	2020	2019
Actuarially determined contribution	\$ 258,856	\$ 250,572	\$ 246,090	\$ 201,672	\$ 186,766
Contribution in relation to the actuarially determined contributions	258,856	250,572	246,090	201,672	186,766
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,170,674	\$ 1,174,882	\$ 1,045,602	\$ 1,041,898	\$ 1,109,165
Contributions as a percentage of covered payroll	22.11%	21.33%	23.54%	19.36%	16.84%

Fiscal year	2018	2017	2016	2015 *
Actuarially determined contribution	\$ 154,072	\$ 138,668	\$ 124,798	\$ 114,483
Contribution in relation to the actuarially determined contributions	154,072	138,668	124,798	114,483
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,075,104	\$ 1,011,690	\$ 958,704	\$ 851,746
Contributions as a percentage of covered payroll	14.33%	13.71%	13.02%	13.44%

Notes to Schedule

*Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

Methods and assumptions used to determine contribution rates:

Valuation date:	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Actuarial cost method:	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method:	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Assets valuation method:	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation:	2.50%	2.50%	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases:	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return:	7.00%	7.00%	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age:	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Mortality:	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)

(1) Level percentage of payroll, closed

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

(3) 50 for all plans, with the exception of 52 for Miscellaneous PEPRA 2%@62

(4) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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SUPPLEMENTARY INFORMATION

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**BUDGETED MAJOR GOVERNMENTAL FUNDS OTHER THAN
GENERAL FUND AND SPECIAL REVENUE FUNDS**

CIP Streets and Roads Fund This fund is used to account for all streets and roads construction projects.

City of Waterford

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

CIP Streets and Roads Capital Projects Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,415,111	\$ 1,765,111	\$ 742,280	\$ (1,022,831)
Total revenues	<u>1,415,111</u>	<u>1,765,111</u>	<u>742,280</u>	<u>(1,022,831)</u>
EXPENDITURES:				
Current:				
Public ways and facilities	15,000	15,000	8,750	6,250
Capital outlay	<u>1,991,915</u>	<u>2,804,800</u>	<u>1,014,359</u>	<u>1,790,441</u>
Total expenditures	<u>2,006,915</u>	<u>2,819,800</u>	<u>1,023,109</u>	<u>1,796,691</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(591,804)</u>	<u>(1,054,689)</u>	<u>(280,829)</u>	<u>773,860</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>595,680</u>	<u>995,664</u>	<u>795,964</u>	<u>(199,700)</u>
Total other financing sources (uses)	<u>595,680</u>	<u>995,664</u>	<u>795,964</u>	<u>(199,700)</u>
Net change in fund balances	<u>\$ 3,876</u>	<u>\$ (59,025)</u>	<u>515,135</u>	<u>\$ 574,160</u>
FUND BALANCES:				
Beginning of year			<u>132,248</u>	
End of year			<u>\$ 647,383</u>	

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue accounts for restricted revenues (for specified purposes).

City Capital Projects Fund accounts for construction or acquisition of governmental capital assets (capital outlay).

City of Waterford
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Governmental Fund		Non-Major Funds Total
	Special Revenue Funds	Capital Projects Funds	
ASSETS			
Cash and investments	\$ 1,841,539	\$ 190,541	\$ 2,032,080
Receivables:			
Intergovernmental	92,890	126,568	219,458
Loan receivable	841,727	-	841,727
Total assets	\$ 2,776,156	\$ 317,109	\$ 3,093,265
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 25,850	\$ 7,600	\$ 33,450
Due to other funds	55,944	29,103	85,047
Total liabilities	81,794	36,703	118,497
Fund Balances:			
Restricted	2,694,362	317,109	3,011,471
Unassigned	-	(36,703)	(36,703)
Total fund balances	2,694,362	280,406	2,974,768
Total liabilities and fund balances	\$ 2,776,156	\$ 317,109	\$ 3,093,265

City of Waterford

Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the year ended June 30, 2023

	Governmental Fund		Non-Major Funds Total
	Special Revenue Funds	Capital Projects Funds	
REVENUES:			
Taxes and assessments	\$ 135,524	\$ -	\$ 135,524
Intergovernmental	1,009,746	642,558	1,652,304
Use of money and property	(936)	912	(24)
Other revenues	54,644	-	54,644
Total revenues	1,198,978	643,470	1,842,448
EXPENDITURES:			
Current:			
Genreal government	453	-	453
Public ways and facilities	126,862	9,800	136,662
Police services	26,949	-	26,949
Capital outlay	442,080	290,822	732,902
Debt service:			
Principal	13,628	-	13,628
Interest and fiscal charges	6,094	-	6,094
Total expenditures	616,066	300,622	916,688
REVENUES OVER (UNDER) EXPENDITURES	582,912	342,848	925,760
OTHER FINANCING SOURCES (USES):			
Transfers in	4,258	66,632	70,890
Transfers out	(665,335)	(543,385)	(1,208,720)
Total other financing sources (uses)	(661,077)	(476,753)	(1,137,830)
Net change in fund balances	(78,165)	(133,905)	(212,070)
FUND BALANCES:			
Beginning of year	2,772,527	414,311	3,186,838
End of year	\$ 2,694,362	\$ 280,406	\$ 2,974,768

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NON-MAJOR SPECIAL REVENUE FUNDS

Gas Tax accounts for funds received and expended for street maintenance purposes as defined in Sections 2105, 1206, 2107, and 2107.5 of the Streets and Highways Code.

Local Transportation accounts for funds received and expended for streets and roads under the Transportation Development Act.

Community Development used to account for monies received from the US Department of Housing & Urban Development and expended principally for programs and activities to benefit low-income residents through a first time homebuyers program to produce affordable housing and rehabilitate existing residential units and infrastructure improvements in low/moderate income neighborhoods.

Lighting District Accounts for Assessments collected and expended for the City of Waterford Lighting District.

Abandoned Vehicle accounts for funds received and expended for Abandoned Vehicle Abatement.

Lighting and Landscaping accounts for Assessments collected and expended for the City of Waterford Lighting and Landscaping District.

Special Business Pilot Program accounts for the cannabis pilot program revenue.

CFD 2019-1 Maintenance Service accounts for the services, administratives expenditures and other maintenance exenditures for the Community Facility District

Impact Fee Fund accounts for capital facility fees collected through building and development activity. Their use is specified in the City's Capital Facility Fee Nexus Study.

City of Waterford
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2023

	Special Revenue Funds			
	Gas Tax Fund	Local Transportation Fund	Community Development Fund	Lighting District Fund
ASSETS				
Cash and investments	\$ -	\$ -	\$ 352,426	\$ 114,148
Receivables:				
Intergovernmental	55,944	-	14,595	1,554
Loan receivable	-	-	841,727	-
Total assets	\$ 55,944	\$ -	\$ 1,208,748	\$ 115,702
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 11,520	\$ -
Due to other funds	55,944	-	-	-
Total liabilities	55,944	-	11,520	-
Fund Balances:				
Restricted	-	-	1,197,228	115,702
Total fund balances	-	-	1,197,228	115,702
Total liabilities and fund balances	\$ 55,944	\$ -	\$ 1,208,748	\$ 115,702

Special Revenue Funds

Abandoned Vehicle Abatement Fund	Lighting and Landscaping Fund	Special Business Pilot Program Fund	CFD 2019-1 Maintenance Service Fund	Impact Fee Fund	Totals
\$ 10,804	\$ 22,491	\$ 8,385	\$ 8,835	\$ 1,324,450	\$ 1,841,539
7,100	655	13,042	-	-	92,890
-	-	-	-	-	841,727
<u>\$ 17,904</u>	<u>\$ 23,146</u>	<u>\$ 21,427</u>	<u>\$ 8,835</u>	<u>\$ 1,324,450</u>	<u>\$ 2,776,156</u>
\$ -	\$ -	\$ -	\$ -	\$ 14,330	\$ 25,850
-	-	-	-	-	55,944
-	-	-	-	14,330	81,794
17,904	23,146	21,427	8,835	1,310,120	2,694,362
17,904	23,146	21,427	8,835	1,310,120	2,694,362
<u>\$ 17,904</u>	<u>\$ 23,146</u>	<u>\$ 21,427</u>	<u>\$ 8,835</u>	<u>\$ 1,324,450</u>	<u>\$ 2,776,156</u>

City of Waterford

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Special Revenue Funds

For the year ended June 30, 2023

	Special Revenue Funds			
	Gas Tax Fund	Local Transportation Fund	Community Development Fund	Lighting District Fund
REVENUES:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 41,900
Intergovernmental	436,639	12,077	521,466	740
Use of money and property	2,352	127	3,506	1,065
Other revenues	-	-	-	-
Total revenues	438,991	12,204	524,972	43,705
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public ways and facilities	-	-	-	16,831
Police services	-	-	-	-
Capital outlay	-	-	440,430	-
Debt service:				
Principal	-	-	-	6,814
Interest and fiscal charges	-	-	-	3,047
Total expenditures	-	-	440,430	26,692
REVENUES OVER (UNDER) EXPENDITURES	438,991	12,204	84,542	17,013
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(438,991)	(20,837)	-	-
Total other financing sources (uses)	(438,991)	(20,837)	-	-
Net change in fund balances	-	(8,633)	84,542	17,013
FUND BALANCES:				
Beginning of year	-	8,633	1,112,686	98,689
End of year	\$ -	\$ -	\$ 1,197,228	\$ 115,702

Special Revenue Funds

Abandoned Vehicle Abatement Fund	Lighting and Landscaping Fund	Special Business Pilot Program Fund	CFD 2019-1 Maintenance Service Fund	Impact Fee Fund	Totals
\$ -	\$ 68,742	\$ -	\$ 17,144	\$ 7,738	\$ 135,524
38,824	-	-	-	-	1,009,746
142	187	980	-	(9,295)	(936)
-	-	54,644	-	-	54,644
38,966	68,929	55,624	17,144	(1,557)	1,198,978
-	-	453	-	-	453
-	78,962	-	7,646	23,423	126,862
26,949	-	-	-	-	26,949
-	-	1,650	-	-	442,080
-	6,814	-	-	-	13,628
-	3,047	-	-	-	6,094
26,949	88,823	2,103	7,646	23,423	616,066
12,017	(19,894)	53,521	9,498	(24,980)	582,912
-	4,258	-	-	-	4,258
-	-	(107,700)	-	(97,807)	(665,335)
-	4,258	(107,700)	-	(97,807)	(661,077)
12,017	(15,636)	(54,179)	9,498	(122,787)	(78,165)
5,887	38,782	75,606	(663)	1,432,907	2,772,527
\$ 17,904	\$ 23,146	\$ 21,427	\$ 8,835	\$ 1,310,120	\$ 2,694,362

City of Waterford

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Gas Tax Special Revenue Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 468,116	\$ 434,444	\$ 436,639	\$ 2,195
Use of money and property	-	-	2,352	2,352
Total revenues	468,116	434,444	438,991	4,547
OTHER FINANCING SOURCES (USES):				
Transfers out	(468,116)	(434,444)	(438,991)	(4,547)
Total other financing sources (uses)	(468,116)	(434,444)	(438,991)	(4,547)
Net change in fund balances	\$ -	\$ -	-	\$ -
FUND BALANCES:				
Beginning of year			-	
End of year			\$ -	

City of Waterford

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Local Transportation Special Revenue Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 12,077	\$ 2,077
Use of money and property	-	-	127	127
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>12,204</u>	<u>2,204</u>
EXPENDITURES:				
REVENUES OVER (UNDER) EXPENDITURES				
	<u>10,000</u>	<u>10,000</u>	<u>12,204</u>	<u>2,204</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(28,025)</u>	<u>(18,633)</u>	<u>(20,837)</u>	<u>(2,204)</u>
Total other financing sources (uses)	<u>(28,025)</u>	<u>(18,633)</u>	<u>(20,837)</u>	<u>(2,204)</u>
Net change in fund balances	<u>\$ (18,025)</u>	<u>\$ (8,633)</u>	<u>(8,633)</u>	<u>\$ -</u>
FUND BALANCES:				
Beginning of year			<u>8,633</u>	
End of year			<u>\$ -</u>	

City of Waterford

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Community Development Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 977,069	\$ 1,107,136	\$ 521,466	\$ (585,670)
Use of money and property	1,500	1,500	3,506	2,006
Total revenues	<u>978,569</u>	<u>1,108,636</u>	<u>524,972</u>	<u>(583,664)</u>
EXPENDITURES:				
Current:				
Community Development	135,758	131,758	-	131,758
Capital outlay	928,025	928,025	440,430	487,595
Total expenditures	<u>1,063,783</u>	<u>1,059,783</u>	<u>440,430</u>	<u>619,353</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(85,214)</u>	<u>48,853</u>	<u>84,542</u>	<u>35,689</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	54,337	26,312	-	(26,312)
Total other financing sources (uses)	<u>54,337</u>	<u>26,312</u>	<u>-</u>	<u>(26,312)</u>
Net change in fund balances	<u>\$ (30,877)</u>	<u>\$ 75,165</u>	<u>84,542</u>	<u>\$ 9,377</u>
FUND BALANCES:				
Beginning of year			<u>1,112,686</u>	
End of year			<u>\$ 1,197,228</u>	

City of Waterford

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Lighting District Special Revenue Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 37,600	\$ 37,600	\$ 41,900	\$ 4,300
Intergovernmental	-	-	740	740
Use of money and property	425	425	1,065	640
Total revenues	<u>38,025</u>	<u>38,025</u>	<u>43,705</u>	<u>5,680</u>
EXPENDITURES:				
Current:				
Public ways and facilities	12,400	12,400	16,831	(4,431)
Debt service:				
Principal	6,814	6,814	6,814	-
Interest and fiscal charges	3,047	3,047	3,047	-
Total expenditures	<u>22,261</u>	<u>22,261</u>	<u>26,692</u>	<u>(4,431)</u>
Net change in fund balances	<u>\$ 15,764</u>	<u>\$ 15,764</u>	17,013	<u>\$ 1,249</u>
FUND BALANCES:				
Beginning of year			<u>98,689</u>	
End of year			<u>\$ 115,702</u>	

City of Waterford

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Abandoned Vehicle Abatement Special Revenue Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 19,028	\$ 46,314	\$ 38,824	\$ (7,490)
Use of money and property	200	200	142	(58)
Total revenues	<u>19,228</u>	<u>46,514</u>	<u>38,966</u>	<u>(7,548)</u>
EXPENDITURES:				
Current:				
Police services	<u>22,750</u>	<u>33,750</u>	<u>26,949</u>	<u>6,801</u>
Total expenditures	<u>22,750</u>	<u>33,750</u>	<u>26,949</u>	<u>6,801</u>
Net change in fund balances	<u>\$ (3,522)</u>	<u>\$ 12,764</u>	12,017	<u>\$ (747)</u>
FUND BALANCES:				
Beginning of year			<u>5,887</u>	
End of year			<u>\$ 17,904</u>	

City of Waterford

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Lighting and Landscaping Special Revenue Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 70,058	\$ 70,058	\$ 68,742	\$ (1,316)
Use of money and property	-	-	187	187
Total revenues	<u>70,058</u>	<u>70,058</u>	<u>68,929</u>	<u>(1,129)</u>
EXPENDITURES:				
Current:				
Public ways and facilities	85,791	85,791	78,962	6,829
Debt service:				
Principal	6,814	6,814	6,814	-
Interest and fiscal charges	3,047	3,047	3,047	-
Total expenditures	<u>95,652</u>	<u>95,652</u>	<u>88,823</u>	<u>6,829</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(25,594)</u>	<u>(25,594)</u>	<u>(19,894)</u>	<u>5,700</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,172	2,172	4,258	2,086
Total other financing sources (uses)	<u>2,172</u>	<u>2,172</u>	<u>4,258</u>	<u>2,086</u>
Net change in fund balances	<u>\$ (23,422)</u>	<u>\$ (23,422)</u>	<u>(15,636)</u>	<u>\$ 7,786</u>
FUND BALANCES:				
Beginning of year			<u>38,782</u>	
End of year			<u>\$ 23,146</u>	

City of Waterford

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Special Business Pilot Program

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 500	\$ 500	\$ 980	\$ 480
Other revenues	86,050	60,050	54,644	(5,406)
Total revenues	86,550	60,550	55,624	(4,926)
EXPENDITURES:				
Current:				
General government	10,000	10,000	453	9,547
Capital outlay	-	-	1,650	(1,650)
Total expenditures	10,000	10,000	2,103	7,897
REVENUES OVER (UNDER) EXPENDITURES	76,550	50,550	53,521	2,971
OTHER FINANCING SOURCES (USES):				
Transfers out	(107,700)	(107,700)	(107,700)	-
Total other financing sources (uses)	(107,700)	(107,700)	(107,700)	-
Net change in fund balances	\$ (31,150)	\$ (57,150)	(54,179)	\$ 2,971
FUND BALANCES:				
Beginning of year			75,606	
End of year			\$ 21,427	

City of Waterford

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

CFD 2019-1 Maintenance Service Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 10,073	\$ 10,073	\$ 17,144	\$ 7,071
Total revenues	<u>10,073</u>	<u>10,073</u>	<u>17,144</u>	<u>7,071</u>
EXPENDITURES:				
Current:				
Public ways and facilities	10,073	10,073	7,646	2,427
Total expenditures	<u>10,073</u>	<u>10,073</u>	<u>7,646</u>	<u>2,427</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	9,498	<u>\$ 9,498</u>
FUND BALANCES:				
Beginning of year			(663)	
End of year			<u>\$ 8,835</u>	

City of Waterford

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Impact Fee Special Revenue Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 264,482	\$ 50,500	\$ 7,738	\$ (42,762)
Use of money and property	3,650	3,650	(9,295)	(12,945)
Total revenues	268,132	54,150	(1,557)	(55,707)
EXPENDITURES:				
Current:				
Public ways and facilities	-	-	23,423	(23,423)
Capital outlay	250,000	250,000	-	250,000
Total expenditures	250,000	250,000	23,423	226,577
REVENUES OVER (UNDER) EXPENDITURES	18,132	(195,850)	(24,980)	170,870
OTHER FINANCING SOURCES (USES):				
Transfers out	(221,205)	(157,747)	(97,807)	59,940
Total other financing sources (uses)	(221,205)	(157,747)	(97,807)	59,940
Net change in fund balances	\$ (203,073)	\$ (353,597)	(122,787)	\$ 230,810
FUND BALANCES:				
Beginning of year			1,432,907	
End of year			<u>\$ 1,310,120</u>	

NON-MAJOR CAPITAL PROJECTS FUNDS

CIP Streets Measure L Account for streets and roads projects funded by Stanislaus County Measure L. A 25 year 1/2 cent sales tax measure enacted in 2017-2018

CIP Parks is used to account for all parks related construction projects in 2017-2018.

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City of Waterford
Combining Balance Sheet
Non-Major Capital Projects Funds
June 30, 2023

	CIP Measure L	CIP Parks	Totals
ASSETS			
Cash and investments	\$ 190,541	\$ -	\$ 190,541
Receivables:			
Intergovernmental	126,568	-	126,568
Total assets	<u>\$ 317,109</u>	<u>\$ -</u>	<u>\$ 317,109</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 7,600	\$ 7,600
Due to other funds	-	29,103	29,103
Total liabilities	<u>-</u>	<u>36,703</u>	<u>36,703</u>
Fund Balances:			
Restricted	317,109	-	317,109
Unassigned	-	(36,703)	(36,703)
Total fund balances	<u>317,109</u>	<u>(36,703)</u>	<u>280,406</u>
Total liabilities and fund balances	<u>\$ 317,109</u>	<u>\$ -</u>	<u>\$ 317,109</u>

City of Waterford

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Capital Projects Funds

For the year ended June 30, 2023

	CIP Measure L	CIP Parks	Totals
REVENUES:			
Intergovernmental	\$ 495,747	\$ 146,811	\$ 642,558
Use of money and property	912	-	912
Total revenues	496,659	146,811	643,470
EXPENDITURES:			
Current:			
Public ways and facilities	-	9,800	9,800
Capital outlay	-	290,822	290,822
Total expenditures	-	300,622	300,622
REVENUES OVER (UNDER) EXPENDITURES	496,659	(153,811)	342,848
OTHER FINANCING SOURCES (USES):			
Transfers in	-	66,632	66,632
Transfers out	(543,385)	-	(543,385)
Total other financing sources (uses)	(543,385)	66,632	(476,753)
Net change in fund balances	(46,726)	(87,179)	(133,905)
FUND BALANCES:			
Beginning of year	363,835	50,476	414,311
End of year	\$ 317,109	\$ (36,703)	\$ 280,406

City of Waterford

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

CIP Streets Measure L Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 520,768	\$ 520,768	\$ 495,747	\$ (25,021)
Use of money and property	-	-	912	912
Total revenues	520,768	520,768	496,659	(24,109)
EXPENDITURES:				
Current:				
Capital outlay	339,045	-	-	-
Total expenditures	339,045	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	181,723	520,768	496,659	(24,109)
OTHER FINANCING SOURCES (USES):				
Transfers out	(3,000)	(751,015)	(543,385)	207,630
Total other financing sources (uses)	(3,000)	(751,015)	(543,385)	207,630
Net change in fund balances	\$ 178,723	\$ (230,247)	(46,726)	\$ 183,521
FUND BALANCES:				
Beginning of year			363,835	
End of year			\$ 317,109	

City of Waterford

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

CIP Parks Capital Projects Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 197,952	\$ 197,952	\$ 146,811	\$ (51,141)
Total revenues	<u>197,952</u>	<u>197,952</u>	<u>146,811</u>	<u>(51,141)</u>
EXPENDITURES:				
Current:				
Public ways and facilities	-	-	9,800	(9,800)
Parks and recreation	20,000	20,000	-	20,000
Capital outlay	350,000	350,000	290,822	59,178
Total expenditures	<u>370,000</u>	<u>370,000</u>	<u>300,622</u>	<u>59,178</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(172,048)</u>	<u>(172,048)</u>	<u>(153,811)</u>	<u>8,037</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	172,048	126,572	66,632	(59,940)
Total other financing sources (uses)	<u>172,048</u>	<u>126,572</u>	<u>66,632</u>	<u>(59,940)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (45,476)</u>	<u>(87,179)</u>	<u>\$ (51,903)</u>
FUND BALANCES:				
Beginning of year			50,476	
End of year			<u>\$ (36,703)</u>	



**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**

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
of the City of Waterford
Waterford, 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 the City of Waterford, California (City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 31, 2023.

Internal Control Over Financial Reporting

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

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

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

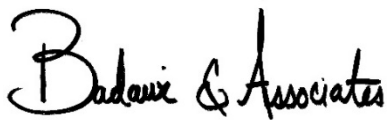
To the Honorable Mayor and Members of the City Council
of the City of Waterford
Waterford, California
Page 2

Compliance and Other Matters

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

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Berkeley, California
October 31, 2023

City of Waterford

Waterford, California

*Abandoned Vehicle Abatement
Program Financial Statements*

For The Year Ended June 30, 2023



**City of Waterford Abandoned Vehicle Abatement Program
Financial Statements
For the year ended June 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the Abandoned Vehicle Abatement Program (Program) of the City of Waterford, California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Program'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 Program, as of June 30, 2023, and the respective changes in financial position 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 Authority 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 Program'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 Authority'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 the 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 Authority'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 Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

To the Honorable Mayor and City Council
Of the City of Waterford
Waterford, California
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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Program's basic financial statements. The budgetary comparison information on pages 14 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

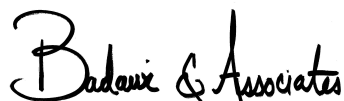
The budgetary comparison information on pages 14 are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 budgetary comparison information on pages 14 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Program and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2023, and the changes in its financial position, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31 2023 on our consideration of the Authority'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 the Authority's internal control over financial reporting and compliance.



Badawi & Associates, CPAs
Berkeley, California
October 31, 2023

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FINANCIAL STATEMENTS

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City of Waterford Abandoned Vehicle Abatement Program
Governmental Fund Balance Sheet
June 30, 2023

	Special Revenue Fund
ASSETS	
Cash and investments	\$ 10,804
Intergovernmental receivable	7,100
Total Assets	<u>\$ 17,904</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Due to City of Waterford	<u>\$ -</u>
Total liabilities	<u>-</u>
Fund balances:	
Restricted for police service:	<u>17,904</u>
Total fund balances	<u>17,904</u>
Total liabilities and fund balances	<u>\$ 17,904</u>

The accompanying notes are an integral part of these financial statements

City of Waterford Abandoned Vehicle Abatement Program
Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balance
For the year ended June 30, 2023

	Special Revenue Fund
REVENUES:	
Intergovernmental	\$ 38,824
Use of money and property	142
Total revenues	<u>38,966</u>
EXPENDITURES:	
Police services	<u>26,949</u>
Total expenditures/expenses	<u>26,949</u>
REVENUES OVER (UNDER) EXPENDITURES	12,017
FUND BALANCE	
Beginning of the year	<u>5,887</u>
End of the year	<u>\$ 17,904</u>

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

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City of Waterford Abandoned Vehicle Abatement Program

Notes to Financial Statements

For the year ended June 30, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Abandoned Vehicle Abatement Program (Program) is a statewide program administered by the California Highway Patrol (CHP). The City of Waterford (City) administers and operates the local vehicle abatement program pursuant to Section 22710 of the Vehicle Code, Waterford Municipal City Ordinance Chapter 10.54, and the Stanislaus Council of Governments (StanCOG) Abandoned Vehicle Program and Plan. Section 9250.7 of the Vehicle Code establishes the funding source for the abatement of abandoned vehicles by a county-based Service Authority (Authority), pursuant to the provisions of Section 22710 of the Vehicle Code.

The Vehicle Code imposes a service fee of one dollar on vehicles registered to an owner with an address in the County that established the Authority. This fee is paid to the Department of Motor Vehicles (DMV) at the time of registration or renewal of registration. The DMV transmits the net amount collected to the State Controller's Office (SCO) for deposit in the Abandoned Vehicle Trust Fund quarterly. All money in the fund is continuously appropriated to the SCO for allocation to an Authority that has an approved Program pursuant to Section 22710 of the Vehicle Code, and for payment of the administrative costs of the SCO. The Authority established pursuant to Vehicle Code Section 22710, distributes Program funds to participating entities based on the allocations determined in the Vehicle Abatement Services Agreement. The revenues and expenditures/expenses of the Program are included in the Abandoned Vehicle Abatement Special Revenue Fund of the City's financial statements.

A. Basis of Accounting

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded in the accounting period in which the related liability is incurred.

Intergovernmental revenues and investment earnings are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year.

B. Financial Statement Presentation

The financial statements present only the financial activities of the Program and are not intended to present fairly the financial position or changes in financial position of the City in accordance with accounting principles generally accepted in the United States of America.

City of Waterford Abandoned Vehicle Abatement Program
Notes to Financial Statements, Continued
For the year ended June 30, 2023

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Use of Estimates

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

D. Budgets

Budgets are prepared on the modified accrual basis of accounting.

- The Program follows these procedures in establishing the budgetary data reflected in the financial statements:
- By June 30, management recommends to the Council a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- The budget is legally enacted through passage of a motion during a City Council meeting prior to the commencement of the new fiscal year.
- Formal budgeting is employed as a management control device during the year.
- Budgets for the Special Revenue Fund are adopted on a basis consistent with accounting principles generally accepted in the United States (GAAP).

Budgeted amounts are as originally adopted or as amended by the Board.

E. Cash and Investments

For the purposes of the Statement of Net Position, “cash and investments” includes all demand, savings accounts, and certificates of deposits, or short-term investments with an original maturity of three months or less.

The City of Waterford currently maintains a \$10,804 of Program funds in the City’s pooled cash deposits. The City/Program has oversight responsibility for all Program cash and investments.

2. CASH AND INVESTMENTS

A. Cash Deposits

At June 30, 2023, the Program had funds with the City in the amount of \$10,804 as adjusted to fair value.

City of Waterford Abandoned Vehicle Abatement Program
Notes to Financial Statements, Continued
For the year ended June 30, 2023

3. FUND BALANCE

Fund balance consists of restricted amounts. Restricted fund balance consists of resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government. As of June 30, 2023 the Program had a restricted fund balance of \$17,904 for police services.

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SUPPLEMENTARY INFORMATION

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**City of Waterford Abandoned Vehicle Abatement Program
Supplementary Information
For the year ended June 30, 2022**

**Budgetary Comparison Schedule Special Revenue Fund
For the Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance w/Final Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2022	\$ 5,887	\$ 5,887	\$ 5,887	\$ -
Resources (inflows):				
Intergovernmental	19,028	46,314	38,824	(7,490)
Use of money and property	<u>200</u>	<u>200</u>	<u>142</u>	<u>(58)</u>
Amounts available for appropriation	<u>25,115</u>	<u>52,401</u>	<u>44,853</u>	<u>(7,548)</u>
Charges to appropriations (outflows):				
Police services	<u>22,750</u>	<u>33,750</u>	<u>26,949</u>	<u>6,801</u>
Total charges to appropriations	<u>22,750</u>	<u>33,750</u>	<u>26,949</u>	<u>6,801</u>
Budgetary fund balance, June 30, 2023	<u>\$ 2,365</u>	<u>\$ 18,651</u>	<u>\$ 17,904</u>	<u>\$ (747)</u>

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**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**

Independent Auditor's Report

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

We have audited, in accordance with the auditing standard 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 Abandoned Vehicle Abatement Program (Program) of the City of Waterford, California as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Program's financial statements, and have issued our report thereon dated October 31, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Program's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Program'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that we have not identified.

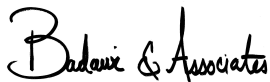
To the Honorable Mayor and City Council
of the City of Waterford
Waterford, California
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Report on Compliance and Other Matters

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

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 result of that testing, and not to provide an opinion on the effectiveness of the Program'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 Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Badawi & Associates, CPAs
Berkeley, California
October 31 2023

City of Waterford

Waterford, California

*Independent Accountants' Report
For the year ending June 30, 2024*

City of Waterford
Appropriations Limit Schedule
For the year ending June 30, 2024

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INDEPENDENT ACCOUNTANTS' REPORT

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

We have performed the procedures enumerated below on the accompanying Appropriations Limit Schedule of the City of Waterford (City) for the fiscal year ending June 30, 2024. The City's management is responsible for the accompanying Appropriations Limit Schedule.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the requirements of Section 1.5 of Article XIII-B of the California Constitution. Additionally, the League of California Cities (as presented in the publication entitled Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution) has agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and our findings are described below:

1. We obtained the completed worksheets used by the City to calculate its appropriations limit for the fiscal year ending June 30, 2024, and determined that the limit and annual calculation factors were adopted by resolution of City Council. We also determined that the population and inflation options were selected by a recorded vote of City Council.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Schedule, we added the prior year's limit to the total adjustments, and agreed the resulting amount to the current year's limit.

Finding: No exceptions were noted as a result of our procedures.

3. We agreed the current year information presented in the accompanying Appropriations Limit Schedule to corresponding information in worksheets used by the City.

Finding: No exceptions were noted as a result of our procedures.

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit Schedule to the prior year appropriations limit adopted by the City Council during the prior year.

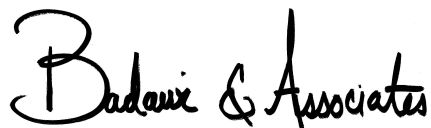
Finding: No exceptions were noted as a result of our procedures.

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

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Appropriation Limit Schedule. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Berkeley, California
October 31, 2023

City of Waterford
Appropriations Limit Schedule
For the year ending June 30, 2024

	<u>Amount</u>	<u>Source</u>
A. Appropriations limit for the year ended June 30, 2023	\$ 3,283,630	Prior year schedule
B. Calculation factors:		
1. Population increase %	1.0444	State Department of Finance
2. Inflation increase %	1.0123	State Department of Finance
3. Total adjustment factor %	1.0572	B1 * B2
C. Annual adjustment increase	\$ 187,975	[(B3-1)*A]
D. Other adjustments:		
Loss responsibility (-)	-	N/A
Transfers to private (-)	-	N/A
Transfers to fees (-)	-	N/A
Assumed responsibility (+)	-	N/A
E. Total adjustments	<u>187,975</u>	(C+D)
F. Appropriations limit for the year ending June 30, 2024	<u>\$ 3,471,605</u>	(A+E)

City of Waterford
Notes to Appropriations Limit Schedule
For the year ending June 30, 2024

1. PURPOSE OF LIMITED PROCEDURES REVIEW

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriations limit is subject to this agreed upon procedures engagement.

2. METHOD OF CALCULATION

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-1987, adjusted for the inflation and population factors discussed in Notes 3 and 4 below.

3. INFLATION FACTORS

A California governmental agency may use as its inflation factor either the annual percentage change in the 4th quarter per capita personal income (which percentage is supplied by the State Department of Finance), or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City of Waterford for the fiscal year 2023-2024 represents the change in per capita income in the State of California.

4. POPULATION FACTORS

A California governmental agency may use as its population factor either the annual percentage change of the jurisdiction's own population, or the annual percentage change in population in the County where the jurisdiction is located. The factor adopted by the City of Waterford for fiscal year 2023-2024 represents the percentage change of the jurisdiction's own population.

5. OTHER ADJUSTMENTS

A California government agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another government agency or private entity. The City had no such adjustments for the fiscal year ending June 30, 2024.

City of Waterford

Transportation Development Act Fund

Waterford, California

*Financial Statements and
Independent Auditors' Reports*

For the year ended June 30, 2023

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City of Waterford’s Transportation Development Act Fund
Financial Statements
For the year ended June 30, 2023
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Transportation Development Act Fund (TDA Fund) of the City of Waterford, California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise TDA Fund'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 TDA Fund, as of June 30, 2023, and the respective changes in financial position 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 Authority 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 Authority'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 the 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 Authority'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 Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required

To the Honorable Mayor and Members of the City Council
of the City of Waterford
Waterford, California
Page 3

by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the TDA Fund and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2023, and the changes in its financial position, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31 2023 on our consideration of the Authority'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 the Authority's internal control over financial reporting and compliance.



Badawi and Associates, CPAs
Berkeley, California
October 31, 2023

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City of Waterford
Transportation Development Act Fund
Balance Sheet
June 30, 2023

ASSETS

Cash and investments	\$	-
Total assets	\$	-

**LIABILITIES, DEFERRED INFLOWS OF
RESOURCES, AND FUND BALANCE**

Fund Balances:

Unassigned		-
Total liabilities, deferred inflows of resources, and fund balances	\$	-

City of Waterford
Transportation Development Act Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2023

Revenues:	
Intergovernmental	\$ 12,077
Interest	127
Total Revenues	<u>12,204</u>
Other Financing sources (uses):	
Transfer out	(20,837)
Total Other Financing sources (uses):	<u>(20,837)</u>
Net change in fund balances	<u>(8,633)</u>
Fund Balances:	
Beginning of year	<u>8,633</u>
End of year	<u>\$ -</u>

See accompanying Notes to Financial Statements.

City of Waterford's Transportation Development Act Fund
Notes to Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

The City of Waterford (City) accounts for California Transportation Development (Act) monies in the Local Transportation Special Revenue Fund (Fund). This fund is part of the City and not a separate legal entity. The financial statements are intended to present the TDA Fund, and not the financial position and the changes in fund balances of the City as a whole.

B. *Basis of Accounting and Measurement Focus*

The accompanying financial statements are prepared on the modified accrual basis of accounting. Revenues are generally recorded when measurable and available (generally 60 days after year-end), and expenditures are recorded when the related liabilities are incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus, wherein only current assets and current liabilities generally are included on the balance sheet. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

C. *Cash and Investments*

The City pools cash resources from all funds in order to facilitate the management of cash and achieve the goal of obtaining the highest yield with the greatest safety and least risk. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

D. *Fund Accounting*

The operations of the TDA Fund are accounted for in the City's LTF Fund. The fund is a separate accounting entity with a set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues, and expenses.

E. *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. Actual results could differ from those estimates.

City of Waterford's Transportation Development Act Fund
Notes to Financial Statements
For the year ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Fund Balance

The TDA fund balance is restricted by law to be used in accordance with the Transportation Development Act.

2. CASH AND INVESTMENTS

The Fund maintains all of its cash with the City's cash and investment pool. The pool interest earned is allocated to the funds based on the monthly cash and investment balances in those funds.

The City of Waterford manages credit risk by limiting their investments by category to those that exceed minimum rating organizations in accordance with California State Code. Interest rate risk is managed by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

For additional information, the City of Waterford's financial statements may be obtained by contacting the City of Waterford Finance Officer, 101 E Street, Waterford, CA 95386.



**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 Members of the City Council
of the City of Waterford
Waterford, 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 Transportation Development Act Fund (TDA Fund) of the City of Waterford, California (City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated October 31 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

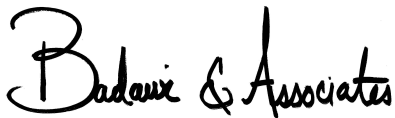
To the Honorable Mayor and Members of the City Council
of the City of Waterford
Waterford, California
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the TDA Fund’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*.

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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Badawi and Associates, CPAs
Berkeley, California
October 31 2023



REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR TRANSPORTATION DEVELOPMENT ACT FUNDS

Independent Auditor's Report

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

Report on Compliance for Transportation Development Act Fund

Opinion on Compliance for Transportation Development Act Fund

We have audited City of Waterford's (City) compliance with the types of compliance requirements described in the Section 6666 of *the Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987 (the Act)* applicable to the City's Transportation Development Act Fund (TDA Fund) for the year ended June 30, 2023.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its TDA Fund for the year ended June 30, 2023.

Basis for Opinion on TDA Fund

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and Section 6666 of *the Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987 (the Act)*. Our responsibilities under those standards and are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the City's TDA Fund. Our audit does not provide a legal determination of the TDA Fund compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's TDA Fund.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the TDA Fund's compliance based on our audit. 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, *Government Auditing Standards*, and Section 6666 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987 (the Act)* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the TDA Fund's compliance with the requirements of the Section 6666 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987 (the Act)*.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Section 6666 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987 (the Act)*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 TDA Fund's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Section 6666 of the Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987 (the Act)*, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

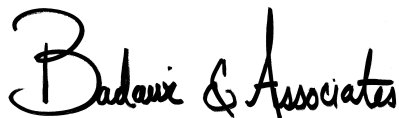
Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined below. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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 the Section 6666 of the Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987 (the Act) 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 the Section 6666 of the Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987 (the Act) 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 the Section 6666 of the Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987 (the Act) 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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Section 6666 of the Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987 (the Act). Accordingly, this report is not suitable for any other purpose.



Badawi and Associates, CPAs
Berkeley, California
October 31, 2023



Independent Accountant's Report

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

We have examined the City of Waterford, California's (City) compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2023 OMB *Compliance Supplement* (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended June 30, 2023. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the specified requirements referenced above during the year ended June 30, 2023.

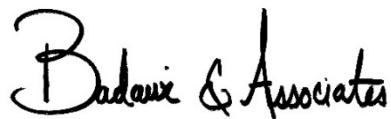
To the Honorable Mayor and Members of the City Council
of the City of Waterford
Waterford, California
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the City's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the City's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether the City complied, in all material respects with the specified requirements referenced above during the year ended June 30, 2023. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Berkeley, California
October 31, 2023

City of Waterford

Waterford, California

*Auditors' Communication With Those
Charged With Governance*

For the year ended June 30, 2023



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

We have audited the financial statements of the City of Waterford (City) as of and for the years ended June 30, 2023, and have issued our report thereon dated October 31, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 7, 2023, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

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

Significant Risks Identified

We have identified the following significant risks:

- *Risk of management override of internal controls* – A risk of management override of internal controls exists at any entity where management can change or decide not to perform that entity’s internal controls.
- *Revenue recognition risk* – Errors in revenue recognition can affect bond covenant ratios and the net position of the City.

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year ended June 30, 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments.

The most sensitive accounting estimates affecting the financial statements are investment valuations, allowance for uncollectible accounts, capital asset depreciation and useful life, and the pension plan assumptions.

Management’s estimate of capital assets depreciation and useful life and the pension plan assumptions are based on historical useful lives of such assets, and actuarial assumptions, respectively. We evaluated the key factors and assumptions used to develop the estimate of capital assets depreciation and useful life, and the pension plan assumptions and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City’s financial statements relate to:

- Summary of Significant Accounting Policies
- Cash and Investments
- Capital Assets
- Retirement Plans

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

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all such misstatements. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated October 31, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

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

Other Significant Matters, Findings, or Issues

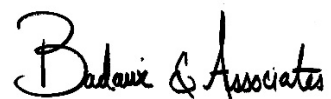
In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

Other Information Included in the Basic Financial Statement

We applied certain limited procedures to management's discussion and analysis, pension plans and budgetary comparison information (for the general fund and major special revenue funds), which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on budgetary comparison information (excluding the general fund and major special revenue funds) and combining schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.



Badawi & Associates, CPAs
Berkeley, California
November 2, 2023



Informational Items 8

November 16, 2023

Patricia Krause, City Clerk / Administrative Services Director
City Council Staff Report

Informational Items.

SUMMARY:

Items included in this section provide City Council with updates on business not requiring a full report.

FISCAL IMPACT:

N/A

ANALYSIS:

All items under this category are considered for informational purpose only.

ENVIRONMENTAL REVIEW:

N/A

ALTERNATIVES:

N/A

ATTACHMENTS:

8a: City Project List

City Projects

Streets

Name	Owner	Priority	Estimated Cost	Update
Yosemite Ave. Pedestrian Project (Caltrans)	Michael Pitcock Lonnie Statzer	High	\$6,000,000 (SHOPP)	Construction to begin September/October 2023
F Street Overlay	Michael Pitcock Lonnie Statzer	High	\$1,500,000 (Measure L)	Complete
F Street Improvements at Western	Michael Pitcock Lonnie Statzer	High	\$300,000 (STBG and CMAQ)	Complete
Dorsey, Pecan and Western Pedestrian and Roadway Improver	Michael Pitcock Lonnie Statzer	High	\$300,000 (CDBG)	Awarded 10/19/23
Yosemite Pedestrian Improvements Reinway to Eucalyptus	Michael Pitcock Lonnie Statzer	High	\$946,000 (ATP)	In Environmental.
Yosemite at Pasadena Signal Improvements	Michael Pitcock Lonnie Statzer	High	\$600,000 (CMAQ)	In Design.
Skyline Road Improvements	Michael Pitcock Lonnie Statzer	High	\$450,000 (STBG)	In Construction
Tim Bell Pedestrian Improvements	Michael Pitcock Lonnie Statzer	High	\$1,993,000 (ATP)	Grant was approved/awarded to Waterford

Housing Development

Name	Owner	Priority	Estimated Cost	Update
Bentley Estates	Michael Pitcock	High	NA	Tentative Map Approved. Waiting on Developer.
Reinway North of Moon School Annexation	Michael Pitcock	High	NA	No formal application received but the developer is looking at a potential 95 homes

Economic Development

Name	Owner	Priority	Estimated Cost	Update
F St and Yosemite Fuel Station	Michael Pitcock	High	N/A	Plans for Building Permit are in for review

Facilities / Property

Name	Owner	Priority	Estimated Cost	Update
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ADA Transition Plan Implementation	Lonnie Statzer	Low	Varies	Ongoing
109 E St. Public Works Shop Sale	Lonnie Statzer	Low	N/A	Sale Pending
Local Hazardous Mitigation Plan Update	Lonnie Statzer	Low	N/A	Complete
Council Chambers Equipment Upgrade	Patricia Krause	High	\$52,000	Complete

Public Safety

Name	Owner	Priority	Estimated Cost	Update
License Plate Reader Program	Michael Pitcock	High	\$10,000 up front and \$3,300 monthly for maintenance and monitoring.	Complete

Utilities

Name	Owner	Priority	Estimated Cost	Update
WWTP Biosolids Screening Upgrade - Self Help Enterprises Grant	Michael Pitcock Lonnie Statzer	High	\$500,000 Unfunded	Grant Application submitted.
Water System Consolidation - Hickman	Michael Pitcock Lonnie Statzer	High	\$3,000,000 Unfunded	Grant Application submitted.
Tim Bell Water and Sewer Extension to Vineyard	Michael Pitcock Lonnie Statzer	High	\$2,500,000 (ARPA)	warded. Construction to Start in October/November
WWTP Road Repair	Michael Pitcock Lonnie Statzer	High	\$1,100,000 (FEMA)	Working with FEMA on funding approval

Parks and Trails

Name	Owner	Priority	Estimated Cost	Update
Triangle Parcel - Neighborhood Park	Lonnie Statzer	Low	\$133,000 Park Impact Fees	On hold (No Funding)
S. Reinway Sports Complex	Lonnie Statzer	Low	Unfunded	On hold (No Funding)
Dog Park (Prop 68 Per Capita Grant)	Lonnie Statzer	High	\$250,000 Grant and Park Impact Fees	Complete
Beard Park Improvements (Prop 68 Competitive Grant)	Lonnie Statzer	Low	\$1,000,000 Million Unfunded	Grant Denied. Waiting to see if another cycle to apply is available.
Community Center Remodel	Michael Pitcock Lonnie Statzer	High	\$800,000 (General Fund)	Out to Bid

Other Projects