



## AGENDA

### Special City Council Meeting,

Successor Agency to the  
Former Redevelopment Agency and the  
Wasco Public Finance Authority

**Tuesday, December 20, 2022 – 5:30 pm.**

**Council Chambers**

**746 8<sup>th</sup> Street, Wasco, CA 93280**

[www.cityofwasco.org](http://www.cityofwasco.org)

This is a special meeting, and only comments or statements concerning the Agenda items listed below are allowed (GC54954.3a). Public comments may be made in person or via email to [cityclerk@cityofwasco.org](mailto:cityclerk@cityofwasco.org) no later than 4:00 p.m. December 20, 2022.

Every effort will be made to read your comment into the record; however, they are limited to two (2) minutes. If a comment is received after the specific time mentioned above but before the meeting is adjourned, the comment will still be included as a part of the record of the meeting but will not be read into the record.

#### **SPECIAL MEETING – 5:30 pm**

**1) CALL TO ORDER:** Mayor Reyna

**2) ROLL CALL:** Mayor Reyna, Mayor Pro Tem Pallares, Council Members: Garcia, Lynch, Martinez

**3) FLAG SALUTE:** by Mayor Reyna

**4) NEW BUSINESS:**

- a. Receive and file the City of Wasco Financial Statements for the Year Ended June 30, 2022, and the City of Wasco Measure X Financial Statements for the Year Ended June 30, 2022. (Perez-Hernandez)

**5) ADJOURNMENT:**

This is to certify that this agenda was posted at Wasco City Hall on December 19, 2022, on/or before 5:30 p.m. The agenda is also available on the City website at [www.cityofwasco.org](http://www.cityofwasco.org).

Maria O. Martinez, City Clerk

The agenda is available for public review on the city website [www.cityofwasco.org](http://www.cityofwasco.org). The agenda items can be reviewed in the office of the City Clerk of the City of Wasco, 746 8<sup>th</sup> Street, Wasco, CA 93280, during regular business hours, 8:00 am – 4:30 pm Monday through Thursday and 8–4:30 pm Friday (closed alternate Friday's), following the posting of the agenda. Any supporting documentation related to an agenda item for an open session of any regular meeting that is distributed after the agenda is posted and before the meeting will also be available for review at the same location and the meeting. **Please remember to turn off all cell phones, pagers, or electronic devices during Council meetings.**

*The City of Wasco does not discriminate on the basis of disability in the access to, provision of, or employment in its programs and activities pursuant to 29 United States Code Section 12132 and California Civil Code Section 54. Information regarding the rights provided under the Americans with Disabilities Act (ADA) may be obtained from the City Clerk's Office.*

*If you need special assistance to participate in this meeting, please contact the City Clerk's Office at (661) 758-7215 to make reasonable arrangements to ensure accessibility to this meeting. Telephone (661) 758-7215. Requests for assistance should be made at least two (2) days in advance whenever possible.*



## STAFF REPORT City of Wasco

**TO:** Honorable Mayor and Council Members

**FROM:** M. Scott Hurlbert, City Manager  
Isarel Perez-Hernandez, Finance Director

**DATE:** December 20, 2022

**SUBJECT:** Receive and file the City of Wasco Financial Statements for the Year Ended June 30, 2022, and the City of Wasco Measure X Financial Statements for the Year Ended June 30, 2022.

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### **Recommendation**

Staff recommends the City Council receive and file the City of Wasco Financial Statements for the Year Ended June 30, 2022, and the City of Wasco Measure X Financial Statements for the Year Ended June 30, 2022.

### **Background**

The City is required to prepare and have audited the financial statements for all financial transactions of all funds of the City on an annual basis. The audited financial statements are prepared to communicate the financial health of the City with those charged with governance, state/federal oversight agencies, investors and the general public.

The Government Finance Officers Association (GFOA), is an organization that was established to assist in the professional management of governments by developing and identifying financial policies and best practices through education, training, facilitation of member leadership, and networking. The objectives of the GFOA are to offer expert knowledge, education, training, leadership development, strategic use of technology, and raise public awareness of sound financial policy and practice. They do this by being a leading source of information in public financial management from research, practice and policy development, and information distribution. They improve the expertise and professionalism of financial managers and leaders and provide recognition for their achievements.

GFOA released a publication on financial reporting best practices where it states that financial reporting should be issued within six months of the fiscal year-end in order for the information to be considered timely and useful by readers to make informed decisions.

In addition to the GFOA's best practices for timely financial reporting's, the Governmental Accounting Standards Board (GASB) establishes accounting and financial reporting standards for states and local governments. The Governmental Accounting Standards Board (GASB) states that "Financial reporting helps fulfill the government's duty to be publicly accountable. Financial reporting also helps to satisfy the needs of users who have limited authority, ability, or resources to obtain information and who therefore rely on the reports as an important source of information. For that purpose, financial reporting objectives should consider the needs of users and the decisions they make."

### **Audit Opinions**

Auditors have the option of choosing among four different types of auditor opinion reports. An auditor opinion report is a letter that auditors attach to the statutory audit report that reflects their opinion of the audit. The [four types of auditor opinions](#) are:

**Unmodified** – the opinion that is expressed when the auditor concludes that the financial statements are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.

**Qualified** – the opinion that is expressed when the auditor either (a) having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material but not pervasive to the financial statements; or (b) is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

**Adverse** – the opinion that is expressed when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.

**Disclaimer** – the opinion that is expressed when the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, and the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.

The type of opinion that all local auditees should strive to achieve is an **unmodified opinion (clean opinion)**.

## Discussion

The City of Wasco's Financial Statements (Attachment 1) have been audited by the independent certified public accounting firm of Badawi and Associates. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Wasco for the fiscal year ended June 30, 2022, are free of material misstatements. The audit involved examining, on a test basis, the evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and estimates made by management, and evaluating the overall presentation of financial statements.

The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an **unmodified opinion** that the City of Wasco's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with generally accepted accounting principles ("GAAP").

Badawi and Associates have completed the Audited Financial Statements and Supplemental Information for the City of Wasco for the year ended June 30, 2022. Badawi and Associates have issued the following audit opinion:

"In our opinion, the financial statements referred to above 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 of Wasco, California, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America."

The City of Wasco Measure X Financial Statements (attachment 2) have been audited by Badawi and Associates and the auditors also issued an unmodified (clean) opinion on these financial statements.

Staff is currently working on producing an annual comprehensive financial report. The last time the city provided this type of financial statement was in 2013.

An Annual Comprehensive Financial Report is a set of financial statements for a state, municipality or other governmental entity that comply with the accounting requirements established by the Governmental Accounting Standards Board (GASB). It must be audited by an independent auditor using generally accepted government auditing standards.

The Annual Comprehensive Financial Report consists of three sections: Introductory, Financial and Statistical.

The Introductory section orients and guides the reader through the report. The Financial section presents the entity's basic financial statements as well as notes to the statements and the independent auditors' report. The Statistical section provides additional financial and statistical data, including data about financial trends that may better inform the reader about the government's activities. The statistical section is divided into five categories:

- Financial Trends Information.
- Revenue Capacity Information.
- Debt Capacity Information.
- Demographic and Economic Information.
- Operating Information.

**Fiscal Impact:**

None

**Attachments:**

1. City of Wasco Financial Statements for the year ended June 30, 2022.
2. City of Wasco Measure X Financial Statements for the year ended June 30, 2022.

# City of Wasco

Wasco, California

*Basic Financial Statements*

*For the year ended June 30, 2022*

City of Wasco  
**Basic Financial Statements**  
**For the year ended June 30, 2022**  
**Table of Contents**

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	Page
<b><u>FINANCIAL SECTION</u></b>	
<b>Independent Auditor's Report</b> .....	1
<b>Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements</b>	
Statement of Net Position .....	9
Statement of Activities .....	10
<b>Fund Financial Statements</b>	
<b>Governmental Funds:</b>	
Balance Sheet.....	16
Reconciliation of the Fund Balances of Governmental Funds to the Net Position of Governmental Activities in the Statement of Net Position.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) – Governmental Funds .....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	22
<b>Proprietary Funds</b>	
Statement of Net Position.....	25
Statement of Revenues, Expenses, and Changes in Fund Net Position .....	26
Statement of Cash Flows .....	27
<b>Fiduciary Funds:</b>	
Statement of Fiduciary Net Position.....	31
Statement of Changes in Fiduciary Net Position.....	32
Notes to the Basic Financial Statements.....	35
<b>Required Supplementary Information</b>	
Defined Benefit Pension Plan:	
Schedule of the City's Proportionate Share of the Net Pension Liability .....	67
Schedule of City Contributions .....	68



City of Wasco  
Basic Financial Statements  
For the year ended June 30, 2022  
Table of Contents

---

	Page
<b><u>FINANCIAL SECTION, Continued</u></b>	
<b>Required Supplementary Information, Continued</b>	
Budgetary Comparison Schedules	
General Fund .....	71
Streets Fund .....	72
TDA Grants.....	73
CDBG RLA.....	74
CalHOME Reuse .....	75
2005 HCD .....	76
RDA Low Income Housing .....	77
Park Impact Fund .....	78
 <b>Other Supplementary Information</b>	
Non-Major Governmental Funds:	
Combining Balance Sheet – Non-major Special Revenue Funds .....	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Special Revenue Funds.....	90
Supplemental Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual::	
Lighting & Landscape Fund.....	95
Emergency Response Fund .....	96
Sewer Lift Station Fund.....	97
Community Facilities District .....	98
Gas Tax Fund .....	99
Traffic Safety Fund.....	100
Traffic Impact Fund .....	101
COPS Grant Fund .....	102
2004 CalHome Grant Fund .....	103
BEGIN Grant Reuse .....	104
HOME Grant Reuse .....	104
Public Financing Authority Fund.....	105
ARPA Grant Fund .....	105



## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

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

#### *Responsibility of Management's for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility 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 budgetary comparison information, and pension required supplementary information on pages 67-78, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance.

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

### ***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, budgetary comparison schedules on pages 84-105 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, and the budgetary comparison schedules are the responsibility of management and were derived from and relate 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, and the budgetary comparison schedules on pages 84-105 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 December XX, 2022, 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 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 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 & Associates, CPAs  
Berkeley, California  
December XX, 2022

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# BASIC FINANCIAL STATEMENTS

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**City of Wasco**  
**Statement of Net Position**  
**June 30, 2022**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 30,748,703	\$ 22,202,215	\$ 52,950,918
Receivables, net	1,450,489	1,591,736	3,042,225
Internal balances	(563,649)	563,649	-
Total current assets	31,635,543	24,357,600	55,993,143
Noncurrent assets:			
Notes receivable	5,103,247	-	5,103,247
Capital assets:			
Non-depreciable	4,292,347	1,520,166	5,812,513
Depreciable	45,976,476	56,869,105	102,845,581
Less accumulated depreciation	(17,587,368)	(29,061,376)	(46,648,744)
Total capital assets	32,681,455	29,327,895	62,009,350
Total noncurrent assets	37,784,702	29,327,895	67,112,597
<b>Total assets</b>	69,420,245	53,685,495	123,105,740
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension related items	959,616	1,040,001	1,999,617
<b>Total deferred outflows of resources</b>	959,616	1,040,001	1,999,617
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,440,623	251,174	1,691,797
Accrued liabilities	192,976	37,103	230,079
Deposits payable	279,059	141,915	420,974
Unearned revenue	2,491,670	260,032	2,751,702
Compensated absences - current	46,348	49,651	95,999
Total current liabilities	4,450,676	739,875	5,190,551
Noncurrent liabilities:			
Compensated absences	72,495	77,194	149,689
Net pension liability	1,585,433	1,718,240	3,303,673
Total noncurrent liabilities	1,657,928	1,795,434	3,453,362
<b>Total liabilities</b>	6,108,604	2,535,309	8,643,913
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pension	1,476,663	1,600,360	3,077,023
<b>Total deferred inflows of resources</b>	1,476,663	1,600,360	3,077,023
<b>NET POSITION</b>			
Net investment in capital assets	32,681,455	29,327,895	62,009,350
Restricted for:			
Streets and roads	3,416,928	-	3,416,928
Community development	6,706,310	-	6,706,310
Public safety	225,526	-	225,526
Capital projects	-	1,735,824	1,735,824
Total restricted	10,348,764	1,735,824	12,084,588
Unrestricted	19,764,375	19,526,108	39,290,483
<b>Total net position</b>	\$ 62,794,594	\$ 50,589,827	\$ 113,384,421

See accompanying notes to the basic financial statements.

**City of Wasco**  
**Statement of Activities**  
**For the year ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 180,649	\$ 88,334	\$ 186,358	\$ 1,904,924	\$ 2,179,616
Public safety	5,528,345	103,097	106,944	-	210,041
Public works	2,219,035	1,265,096	-	44,508	1,309,604
Community development	1,345,290	690	-	-	690
Total governmental activities	9,273,319	1,457,217	293,302	1,949,432	3,699,951
Business-type Activities:					
Water reclamation and sewer	2,188,738	2,824,967	-	-	2,824,967
Water utility	2,788,270	3,626,140	-	57,399	3,683,539
Refuse collection and disposal	3,022,144	3,280,755	-	43,096	3,323,851
Public transportation	349,447	6,326	93,317	343,738	443,381
CNG Fueling station	161,406	108,345	-	-	108,345
Total Business-Type activities	8,510,005	9,846,533	93,317	444,233	10,384,083
Total primary government	\$ 17,783,324	\$ 11,303,750	\$ 386,619	\$ 2,393,665	\$ 14,084,034

**General Revenues:**

Taxes:

Property tax

Sales tax

Franchise tax

State allocation of gas tax

Other Taxes

Intergovernmental, unrestricted:

Motor vehicle in-lieu tax

**Total taxes**

Unrestricted investment earnings

Miscellaneous revenue

Transfers

**Total general revenues and transfers**

**Change in net position**

**Net position - beginning of year**

**Net position - end of year**

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ 1,998,967	\$ -	\$ 1,998,967
(5,318,304)	-	(5,318,304)
(909,431)	-	(909,431)
(1,344,600)	-	(1,344,600)
(5,573,368)	-	(5,573,368)
-	636,229	636,229
-	895,269	895,269
-	301,707	301,707
-	93,934	93,934
-	(53,061)	(53,061)
-	1,874,078	1,874,078
(5,573,368)	1,874,078	(3,699,290)
1,150,633	-	1,150,633
5,523,630	-	5,523,630
400,756	-	400,756
1,108,116	-	1,108,116
304,031	-	304,031
3,335,911	-	3,335,911
11,823,077	-	11,823,077
(540,589)	96,853	(443,736)
458,510	-	458,510
(100,143)	100,143	-
11,640,855	196,996	11,837,851
6,067,487	2,071,074	8,138,561
56,727,107	48,518,753	105,245,860
\$ 62,794,594	\$ 50,589,827	\$ 113,384,421

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# FUND FINANCIAL STATEMENTS

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*Governmental Fund Financial Statements*

*Proprietary Fund Financial Statements*

*Fiduciary Fund Financial Statements*

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## Governmental Fund Financial Statements

**The General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The revenues of the General Fund consist mostly of property tax, sales tax, motor vehicle tax, and franchise fees.

**The Streets Fund** is used to account for the City's share of motor fuel tax revenues and special state grants that are legally restricted to construction and maintenance of local roads within the City limits.

**The TDA Fund** accounts for revenues allocated by the Kern Council of Governments under the Transportation Development Act (TDA). Revenues received are held in this fund and transferred to the Public Transportation Fund and Streets Fund when actual costs of transportations, repairs to streets or replacement of streets are incurred.

**The CDBG RLA Fund** accounts for several rounds of funding from Community Development Block Grants for low interest housing rehabilitation loans. As these funds pay back, they are counted as program income for the CDBG Revolving Loan Fund. Funds accumulated within this fund are loaned back out for additional low interest housing rehabilitation loans in accordance with the City's agreement with the State Department for Housing and Community Development (HCD). These funds are also used in conjunction with CalHome funds in order to fund larger rehabilitation and reconstruction needs.

**The CalHOME Reuse Fund** accounts for the several rounds of funding received from the CalHOME Program and as loans are repaid the money is placed in the CalHOME Reuse Fund. The CalHOME Reuse money is available to continue funding eligible activities.

**The 2005 HCD Fund** accounts for \$950,000 awarded from the California Department of Housing and Community Development to assist in the construction of Poso Place Senior Apartments. The money was lent to F & Poso Street Investors, a California limited partnership.

**The RDA Low & Moderate Income Housing Fund** is a special revenue fund type that accounts for the required 20% set-aside of tax revenues specifically to be used toward low and moderate income housing projects as required by State law.

**The Park Impact Fund** is a special revenue fund type that accounts for park impact fees collected from new residential developments within the city. These fees are used by the City to provide park and recreational facilities that reasonably serve the new development.



**City of Wasco**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	General	TDA	CDBG RLA	CalHOME Reuse
<b>ASSETS</b>				
Cash and investments	\$ 21,938,192	\$ -	\$ 534,777	\$ 1,192,915
Receivables, net	1,254,618	186,358	-	-
Prepaid expenses	-	-	-	-
Due from other funds	193,645	-	-	-
Notes receivable	-	-	1,113,152	1,450,935
<b>Total assets</b>	<b>23,386,455</b>	<b>186,358</b>	<b>1,647,929</b>	<b>2,643,850</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	1,353,231	-	-	-
Accrued liabilities	192,068	-	-	-
Deposits payable	279,059	-	-	-
Due to other funds	-	186,358	-	-
Advances from other funds	563,649	-	-	-
Unearned revenue	71,970	-	-	-
<b>Total liabilities</b>	<b>2,459,977</b>	<b>186,358</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	-	186,358	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>186,358</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted for:				
Community development	-	-	1,647,929	2,643,850
Streets and transportation	-	-	-	-
Low and moderate income housing	-	-	-	-
Public safety	-	-	-	-
Other purposes	-	-	-	-
Assigned:				
General reserve	9,300,000	-	-	-
Community development	-	-	-	-
Unassigned	11,626,478	(186,358)	-	-
<b>Total fund balances</b>	<b>20,926,478</b>	<b>(186,358)</b>	<b>1,647,929</b>	<b>2,643,850</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 23,386,455</b>	<b>\$ 186,358</b>	<b>\$ 1,647,929</b>	<b>\$ 2,643,850</b>

See accompanying notes to the basic financial statements.

2005 HCD Fund	RDA Low Income Housing	Park Impact	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 65,533	\$ 710,399	\$ 6,306,887	\$ 30,748,703
-	9,513	-	-	1,450,489
-	-	-	-	-
-	-	-	-	193,645
950,000	1,000,000	-	589,160	5,103,247
950,000	1,075,046	710,399	6,896,047	37,496,084
-	-	-	87,392	1,440,623
-	-	-	908	192,976
-	-	-	-	279,059
-	-	-	7,287	193,645
-	-	-	-	563,649
-	-	702,536	1,717,164	2,491,670
-	-	702,536	1,812,751	5,161,622
-	-	-	-	186,358
-	-	-	-	186,358
-	-	-	-	-
950,000	-	-	1,339,485	6,581,264
-	-	-	3,114,720	3,114,720
-	1,075,046	-	-	1,075,046
-	-	-	225,526	225,526
-	-	7,863	294,345	302,208
-	-	-	-	9,300,000
-	-	-	116,507	116,507
-	-	-	(7,287)	11,432,833
950,000	1,075,046	7,863	5,083,296	32,148,104
\$ 950,000	\$ 1,075,046	\$ 710,399	\$ 6,896,047	\$ 37,496,084

# City of Wasco

## Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position June 30, 2022

<b>Total Fund Balances - Total Governmental Funds</b>	<b>\$ 32,148,104</b>
Amounts reported for governmental activities in the statement of net position are different from the amounts reported in the Governmental Funds Balance Sheet as follows:	
Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:	
No depreciable	4,292,347
Depreciable, net	28,389,108
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet.	-
Unavailable revenues recorded in the fund financial statements resulting from activities in which revenues were earned but were not available are reclassified as revenues in the Government-Wide Financial Statements.	186,358
In the Government-Wide Financial Statements, deferred employer contributions for pension, certain differences between actuarial estimates and actual results, and other adjustments resulting from changes in assumptions and benefits are deferred in the current year.	
Deferred outflows of resources related to pension	959,616
Deferred inflows of resources related to pension	(1,476,663)
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.	
Compensated absences - current	(46,348)
Compensated absences - noncurrent	(72,495)
Net pension liability	(1,585,433)
<b>Net Position of Governmental Activities</b>	<b>\$ 62,794,594</b>

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# City of Wasco

## Statement of Revenues, Expenditures and Changes in Fund Balances

### Governmental Funds

For the year ended June 30, 2022

	General	TDA	CDBG RLA	Cal HOME Reuse
<b>REVENUES:</b>				
Taxes	\$ 10,654,353	\$ -	\$ -	\$ -
Licenses and permits	477,280	-	-	-
Intergovernmental	239,572	-	-	-
Charges for services	234,038	-	-	-
Fines, forfeitures and assessments	50,863	-	-	-
Use of money and property	(631,259)	-	-	7,717
Miscellaneous	458,042	-	-	-
<b>Total revenues</b>	<b>11,482,889</b>	<b>-</b>	<b>-</b>	<b>7,717</b>
<b>EXPENDITURES:</b>				
Current:				
General government	298,005	-	-	-
Public safety	5,562,236	-	-	-
Public works	856,736	-	-	-
Community development	1,554,158	-	8,558	148
Non-departmental	21,179	-	-	-
Capital outlay:				
General capital outlay	2,149,332	-	-	-
Street improvements	-	-	-	-
<b>Total expenditures</b>	<b>10,441,646</b>	<b>-</b>	<b>8,558</b>	<b>148</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,041,243</b>	<b>-</b>	<b>(8,558)</b>	<b>7,569</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,276,868	-	-	45,976
Transfers out	(135,045)	(1,591)	-	-
Sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>2,141,823</b>	<b>(1,591)</b>	<b>-</b>	<b>45,976</b>
Special item	-	-	-	-
<b>Net change in fund balances</b>	<b>3,183,066</b>	<b>(1,591)</b>	<b>(8,558)</b>	<b>53,545</b>
<b>FUND BALANCES:</b>				
Beginning of year	17,743,412	(184,767)	1,656,487	2,590,305
End of year	\$ 20,926,478	\$ (186,358)	\$ 1,647,929	\$ 2,643,850

See accompanying notes to the basic financial statements.

2005 HCD Fund	RDA Low Income Housing	Park Impact	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 1,461,017	\$ 12,115,370
-	-	-	73,712	550,992
-	-	-	1,978,089	2,217,661
-	-	136,443	20,231	390,712
-	-	-	11,073	61,936
-	-	3,821	79,135	(540,586)
-	-	-	464	458,506
-	-	140,264	3,623,721	15,254,591
-	-	-	-	298,005
-	-	-	-	5,562,236
-	-	-	631,457	1,488,193
-	-	-	15,137	1,578,001
-	-	-	-	21,179
-	-	136,443	-	2,285,775
-	-	-	-	-
-	-	136,443	646,594	11,233,389
-	-	3,821	2,977,127	4,021,202
-	-	-	-	2,322,844
-	-	-	(2,286,351)	(2,422,987)
-	-	-	-	-
-	-	-	(2,286,351)	(100,143)
-	-	-	-	-
-	-	3,821	690,776	3,921,059
950,000	1,075,046	4,042	4,392,520	28,227,045
\$ 950,000	\$ 1,075,046	\$ 7,863	\$ 5,083,296	\$ 32,148,104

## City of Wasco

### 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, 2022

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 3,921,059</b>
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Amounts reported for governmental activities in the Government-Wide Statement of Activities were different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated lives as depreciation expense.

Capital outlay and other capitalized expenditures are added back to fund balance	2,219,731
Capital assets adjustments	92,763

Statement of Activities, but did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds.	(1,043,172)
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Accrued compensated leave payments were reported as expenditures in the governmental funds, however expense is recognized in the Government-Wide Statement of Activities based on earned leave accruals.	(12,430)
--	----------

Unavailable revenues recorded in the fund financial statements resulting from activities in which revenues were earned but were not available are reclassified as revenues in the Government-Wide Financial Statements.	186,358
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Current year employer pension contributions are recorded as expenditures in the governmental funds, however, these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.	755,636
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Pension expense/(income) is reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore is not reported as expenditures in governmental funds.	(52,458)
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<b>Change in Net Position of Governmental Activities</b>	<b>\$ 6,067,487</b>
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## Proprietary Fund Financial Statements

**The Water Reclamation and Sewer Fund** is used to account for the provisions of sewer service to the residents of the City. All activities necessary to provide such service are accounted for in this fund.

**The Water Utility Fund** is used to account for the provisions of water service to residents of the City. All activities necessary to provide such service are accounted for in this fund.

**The Refuse Collection and Disposal Fund** is used to account for the collection and disposal of refuse within the City. All activities necessary to provide such service are accounted for in this fund.

**The Public Transportation Fund** accounts for the operations of a Dial-A-Ride system for general transportation of all citizens and a Social Services System which transports seniors and handicapped.

**The Compressed Natural Gas (CNG) Fueling Station Fund** accounts for two fill pumps available to the City of Wasco, Local School Districts, and the general public.



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**City of Wasco**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	Business-Type Activities - Enterprise Funds					Total
	Water Reclamation and Sewer	Water Utility	Refuse Collection and Disposal	Public Transportation	CNG Fueling Station	Proprietary Funds
<b>ASSETS</b>						
Current Assets:						
Cash and investments	\$ 6,463,818	\$ 11,333,990	\$ 4,153,490	\$ 11,753	\$ 239,164	\$ 22,202,215
Receivables, net	248,144	621,437	660,261	65,574	(3,680)	1,591,736
Total current assets	6,711,962	11,955,427	4,813,751	77,327	235,484	23,793,951
Noncurrent:						
Advances to other funds	-	563,649	-	-	-	563,649
Capital assets:						
Nondepreciable	213,349	1,245,017	30,900	30,900	-	1,520,166
Depreciable	29,218,733	19,741,552	4,732,188	1,814,628	1,362,004	56,869,105
Less accumulated depreciation	(15,931,897)	(7,719,112)	(4,017,251)	(1,012,883)	(380,233)	(29,061,376)
Net capital assets	13,500,185	13,267,457	745,837	832,645	981,771	29,327,895
Total noncurrent assets	13,500,185	13,831,106	745,837	832,645	981,771	29,891,544
<b>Total assets</b>	<b>20,212,147</b>	<b>25,786,533</b>	<b>5,559,588</b>	<b>909,972</b>	<b>1,217,255</b>	<b>53,685,495</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred pension related items	236,955	262,550	484,107	52,990	3,399	1,040,001
<b>Total deferred outflows of resources</b>	<b>236,955</b>	<b>262,550</b>	<b>484,107</b>	<b>52,990</b>	<b>3,399</b>	<b>1,040,001</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	23,904	118,214	76,378	24,748	7,930	251,174
Deposits payable	(1,620)	144,654	(1,119)	-	-	141,915
Accrued liabilities	11,599	9,178	13,683	2,601	42	37,103
Unearned revenue	-	-	-	260,032	-	260,032
Compensated absences - current	8,161	11,748	26,535	3,134	73	49,651
Total current liabilities	42,044	283,794	115,477	290,515	8,045	739,875
Noncurrent liabilities:						
Compensated absences	14,025	18,973	38,645	5,497	54	77,194
Net pension liability	391,485	433,772	799,819	87,547	5,617	1,718,240
Total noncurrent liabilities	405,510	452,745	838,464	93,044	5,671	1,795,434
<b>Total liabilities</b>	<b>447,554</b>	<b>736,539</b>	<b>953,941</b>	<b>383,559</b>	<b>13,716</b>	<b>2,535,309</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred pension related items	364,627	404,013	744,948	81,541	5,231	1,600,360
<b>Total deferred inflows of resources</b>	<b>364,627</b>	<b>404,013</b>	<b>744,948</b>	<b>81,541</b>	<b>5,231</b>	<b>1,600,360</b>
<b>NET POSITION</b>						
Net investment in capital assets	13,500,185	13,267,457	745,837	832,645	981,771	29,327,895
Restricted for capital projects	1,735,824	-	-	-	-	1,735,824
Unrestricted	4,400,912	11,641,074	3,598,969	(334,783)	219,936	19,526,108
<b>Total net position</b>	<b>\$ 19,636,921</b>	<b>\$ 24,908,531</b>	<b>\$ 4,344,806</b>	<b>\$ 497,862</b>	<b>\$ 1,201,707</b>	<b>\$ 50,589,827</b>

See accompanying notes to the basic financial statements.

**City of Wasco**  
**Statement of Revenues, Expenditures and Changes in Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2022**

	Business-Type Activities - Enterprise Funds					Total Proprietary Funds
	Water Reclamation and Sewer	Water Utility	Refuse Collection and Disposal	Public Transportation	CNG Fueling Station	
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 2,353,298	\$ 3,368,210	\$ 3,258,298	\$ 6,326	\$ 108,345	\$ 9,094,477
Rental income	141,597	-	-	-	-	141,597
Cost recoveries	-	257,930	22,457	-	-	280,387
Miscellaneous	-	-	-	-	-	-
<b>Total operating revenues</b>	<b>2,494,895</b>	<b>3,626,140</b>	<b>3,280,755</b>	<b>6,326</b>	<b>108,345</b>	<b>9,516,461</b>
<b>OPERATING EXPENSES:</b>						
Wages and benefits	516,168	477,255	1,348,462	155,518	13,980	2,511,383
Administration	876,427	996,956	1,384,563	142,643	22,891	3,423,480
Materials and supplies	21,669	14,980	39,998	-	-	76,647
Maintenance and repairs	53,084	115,310	108	-	18,047	186,549
Utilities	90,520	690,608	11,899	-	79,248	872,275
Depreciation	630,870	493,161	237,114	51,286	27,240	1,439,671
<b>Total operating expenses</b>	<b>2,188,738</b>	<b>2,788,270</b>	<b>3,022,144</b>	<b>349,447</b>	<b>161,406</b>	<b>8,510,005</b>
<b>Operating income (loss)</b>	<b>306,157</b>	<b>837,870</b>	<b>258,611</b>	<b>(343,121)</b>	<b>(53,061)</b>	<b>1,006,456</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest income	28,199	48,330	19,122	-	1,202	96,853
Local transportation funding	-	-	-	93,317	-	93,317
Grants	-	57,399	43,096	343,738	-	444,233
Connection fees	330,072	-	-	-	-	330,072
Interest expense	-	-	-	-	-	-
Gain on sale of capital assets	-	-	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>358,271</b>	<b>105,729</b>	<b>62,218</b>	<b>437,055</b>	<b>1,202</b>	<b>964,475</b>
<b>Income before contributions and transfers</b>	<b>664,428</b>	<b>943,599</b>	<b>320,829</b>	<b>93,934</b>	<b>(51,859)</b>	<b>1,970,931</b>
<b>CONTRIBUTIONS AND TRANSFERS:</b>						
Transfers in	-	135,045	-	-	-	135,045
Transfers out	(2,154)	(22,571)	(10,177)	-	-	(34,902)
<b>Total contributions and transfers</b>	<b>(2,154)</b>	<b>112,474</b>	<b>(10,177)</b>	<b>-</b>	<b>-</b>	<b>100,143</b>
<b>Change in net position</b>	<b>662,274</b>	<b>1,056,073</b>	<b>310,652</b>	<b>93,934</b>	<b>(51,859)</b>	<b>2,071,074</b>
<b>NET POSITION:</b>						
Beginning of year	18,974,647	23,852,458	4,034,154	403,928	1,253,566	48,518,753
End of year	\$ 19,636,921	\$ 24,908,531	\$ 4,344,806	\$ 497,862	\$ 1,201,707	\$ 50,589,827

See accompanying notes to the basic financial statements.

**City of Wasco**  
**Statement of Revenues, Expenditures and Changes in Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2022**

	Business-Type Activities - Enterprise Funds					
	Water Reclamation and Sewer	Water Utility	Refuse Collection and Disposal	Public Transportation	CNG Fueling Station	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from customers, including cash deposits	\$ 2,308,194	\$ 3,385,559	\$ 3,014,467	\$ 36,306	\$ 110,131	\$ 8,854,657
Cash received from rental activities	141,597	-	-	-	-	141,597
Cash received from reimbursements and cost recoveries	-	257,930	22,457	-	-	280,387
Cash paid to suppliers	(1,498,492)	(1,820,960)	(1,380,078)	(119,449)	(112,404)	(4,931,383)
Cash paid to employees	(787,214)	(814,846)	(1,469,979)	(194,368)	(11,930)	(3,278,337)
<b>Net cash provided by (used in) operating activities</b>	<b>164,085</b>	<b>1,007,683</b>	<b>186,867</b>	<b>(277,511)</b>	<b>(14,203)</b>	<b>1,066,921</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Cash transferred from other funds	-	135,045	-	-	-	135,045
Cash transferred to other funds	(2,154)	(22,571)	(10,177)	-	-	(34,902)
Interfund borrowings	-	563,649	-	(147,792)	-	415,857
Connection fees	330,072	-	-	-	-	330,072
Subsidy from TDA revenues	-	-	-	93,317	-	93,317
Subsidy from grants	-	57,399	43,096	343,738	-	444,233
<b>Net cash provided by (used in)</b>						
<b>noncapital financing activities</b>	<b>327,918</b>	<b>733,522</b>	<b>32,919</b>	<b>289,263</b>	<b>-</b>	<b>1,383,622</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Purchase of capital assets	(237,921)	(264,166)	(9,050)	1	-	(511,136)
Proceeds from sale of capital assets	-	-	-	-	-	-
<b>Net cash provided by (used in)</b>						
<b>capital and related financing activities</b>	<b>(237,921)</b>	<b>(264,166)</b>	<b>(9,050)</b>	<b>1</b>	<b>-</b>	<b>(511,136)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest received	28,199	48,330	19,122	-	1,202	96,853
<b>Net cash provided by (used in) investing activities</b>	<b>28,199</b>	<b>48,330</b>	<b>19,122</b>	<b>-</b>	<b>1,202</b>	<b>96,853</b>
<b>Net cash flows</b>	<b>282,281</b>	<b>1,525,369</b>	<b>229,858</b>	<b>11,753</b>	<b>(13,001)</b>	<b>2,036,260</b>
<b>CASH AND INVESTMENTS - Beginning of year</b>	<b>6,181,537</b>	<b>9,808,621</b>	<b>3,923,632</b>	<b>-</b>	<b>252,165</b>	<b>20,165,955</b>
<b>CASH AND INVESTMENTS - End of year</b>	<b>\$ 6,463,818</b>	<b>\$ 11,333,990</b>	<b>\$ 4,153,490</b>	<b>\$ 11,753</b>	<b>\$ 239,164</b>	<b>\$ 22,202,215</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</b>						
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ 306,157	\$ 837,870	\$ 258,611	\$ (343,121)	\$ (53,061)	1,006,456
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	630,870	493,161	237,114	51,286	27,240	1,439,671
(Increase) decrease in accounts receivable	(43,644)	17,513	(242,350)	(65,925)	1,786	(332,620)
(Increase) decrease in prepaid expense	-	-	-	-	-	-
Increase (decrease) in accounts payable	(458,540)	(4,325)	52,390	22,718	7,790	(379,967)
Increase (decrease) in accrued liabilities	1,748	1,219	4,100	476	(8)	7,535
Increase (decrease) in unearned revenues	-	-	-	95,905	-	95,905
Increase (decrease) in deposits payable	(1,460)	(164)	(1,481)	-	-	(3,105)
Increase (decrease) in compensated absences	(9,914)	(11,820)	(80)	2,509	(150)	(19,455)
Increase (decrease) in net pension liability	(560,205)	(665,152)	(641,941)	(104,498)	(785)	(1,972,581)
Increase (decrease) in deferred inflows of resources	297,017	325,943	642,522	67,898	4,776	1,338,156
Increase (decrease) in deferred outflows of resources	2,056	13,438	(122,018)	(4,759)	(1,791)	(113,074)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 164,085</b>	<b>\$ 1,007,683</b>	<b>\$ 186,867</b>	<b>\$ (277,511)</b>	<b>\$ (14,203)</b>	<b>\$ 1,066,921</b>

See accompanying notes to the basic financial statements.

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## **Fiduciary Fund Financial Statements**

**The RDA Successor Agency Private Purpose Trust Fund** accounts for monies received from the Kern County Auditor Controller for the repayment of the enforceable obligations of the former Wasco Redevelopment Agency. These funds are restricted for the sole purpose of payment of items on an approved Recognized Payment Obligation Schedule (ROPS).

**The Wasco Public Financing Authority Custodial Fund** is used to account for assets held by the City of Wasco Public Financing Authority as an agent for various local governments and other entities.

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**City of Wasco**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

	RDA Successor Agency Private Purpose Trust Fund	Wasco Public Financing Authority Custodial Fund
<b>ASSETS</b>		
Cash and investments	\$ 572,525	\$ 545,908
Investments with fiscal agents - restricted	-	410,226
Receivables, net	75,300	337
<b>Total assets</b>	<b>647,825</b>	<b>956,471</b>
<b>LIABILITIES</b>		
Accounts payable	-	75,782
Due to County of Kern	647,825	-
<b>Total liabilities</b>	<b>647,825</b>	<b>75,782</b>
<b>NET POSITION</b>		
Held in trust for Wasco Public Financing Authority	-	880,689
<b>Total Net Position</b>	<b>\$ -</b>	<b>\$ 880,689</b>



**City of Wasco**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2022**

	RDA Successor Agency Private Purpose Trust Fund	Wasco Public Financing Authority Custodial Fund
<b>ADDITIONS:</b>		
Property taxes	\$ -	\$ 125,052
Investment earnings	-	(3,233)
<b>Total additions</b>	-	121,819
<b>DEDUCTIONS:</b>		
Administration fees	-	20,231
Interest expense	-	10,413
Bank fees	-	134
Debt service principal payment	-	65,000
<b>Total deductions</b>	-	95,778
<b>Change in net position</b>	-	26,041
<b>NET POSITION:</b>		
Beginning of year, as restated	-	854,648
End of year	\$ -	\$ 880,689

See accompanying notes to the basic financial statements.

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# NOTES TO BASIC FINANCIAL STATEMENTS

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**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the City of Wasco (the "City") have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The following summary of the City's more significant accounting policies is presented to assist the reader in interpreting the basic financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying basic financial statements.

**A. Reporting Entity**

The City of Wasco, California was incorporated on December 17, 1945. The City is a full-service city and operates under a Council - Manager form of government, providing the following services: general government; public safety; public works; and development and conservation. The City is located in Kern County approximately 25 miles northwest of Bakersfield, the County government seat.

The City has defined its reporting entity in accordance with accounting principles generally accepted in the United States of America which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. The Basic Financial Statements present information on the activities of the reporting entity, including all of the fund types of the City (the primary government) and its component units.

Accounting principles generally accepted in the United States of America require that the component units be separated into blended or discretely presented units for reporting purposes. Although legally separate entities, blended component units are, in substance, part of the City's operations. Therefore, they are reported as part of the primary government. Discretely presented component units are reported in a separate column in the basic financial statements to emphasize that they are legally separate from the City. The City has no discretely presented component units.

**Blended Component Units**

On March 6, 1989, the City and the former Wasco Redevelopment Agency entered into a Joint Exercise of Powers Agreement establishing the Wasco Public Financing Authority (the "Authority") for the purpose of issuing its bonds to be used to provide financial assistance to the City, the Agency or any other public entity of the State of California. The funds of this component unit are reported in the Special Revenue Funds and the Custodial Fund. Separate financial statements are not available for the Authority. The City Council of Wasco is the governing body for the Authority.

**B. Basis of Presentation**

**Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Presentation, Continued***

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's sewer, water and refuse function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Fund Financial Statements**

The accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operation fund of the City or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. The government has determined that a fund is important to the financial statement user.

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Presentation, Continued***

The major funds are as follows:

**Governmental Funds**

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The revenues of the General Fund consist mostly of property tax, sales tax, motor vehicle tax, and franchise fees.

The Streets Fund is used to account for the City's share of motor fuel tax revenues and special state grants that are legally restricted to construction and maintenance of local roads within the City limits.

The TDA Fund accounts for revenues allocated by the Kern Council of Governments under the Transportation Development Act (TDA). Revenues received are held in this fund and transferred to the Public Transportation Fund and Streets Fund when actual costs of transportations, repairs to streets or replacement of streets are incurred.

The CDBG RLA Fund accounts for several rounds of funding from Community Development Block Grants for low interest housing rehabilitation loans. As these funds pay back, they are counted as program income for the CDBG Revolving Loan Fund. Funds accumulated within this fund are loaned back out for additional low interest housing rehabilitation loans in accordance with the City's agreement with the State Department for Housing and Community Development (HCD). These funds are also used in conjunction with CalHome funds in order to fund larger rehabilitation and reconstruction needs.

The CalHOME Reuse Fund accounts for the several rounds of funding received from the CalHOME Program and as loans are repaid the money is placed in the CalHOME Reuse Fund. The CalHOME Reuse money is available to continue funding eligible activities.

The 2005 HCD Fund accounts for \$950,000 awarded from the California Department of Housing and Community Development to assist in the construction of Poso Place Senior Apartments. The money was lent to F & Poso Street Investors, a California limited partnership.

The RDA Low & Moderate Income Housing fund is a special revenue fund type that accounts for the required 20% set-aside of tax revenues specifically to be used toward low and moderate income housing projects as required by State law.

The Park Impact Fund is a special revenue fund type that accounts for park impact fees collected from new residential developments within the city. These fees are used by the City to provide park and recreational facilities that reasonably serve the new development.

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Presentation, Continued***

**Fund Financial Statements, Continued**

**Proprietary Funds**

The Water Reclamation and Sewer Fund is used to account for the provisions of sewer service to the residents of the City. All activities necessary to provide such service are accounted for in this fund.

The Water Utility Fund is used to account for the provisions of water service to residents of the City. All activities necessary to provide such service are accounted for in this fund.

The Refuse Collection and Disposal Fund is used to account for the collection and disposal of refuse within the City. All activities necessary to provide such service are accounted for in this fund.

The Public Transportation Fund accounts for the operations of a Dial-A-Ride system for general transportation of all citizens and a Social Services System which transports seniors and handicapped.

The Compressed Natural Gas (CNG) Fueling Station Fund accounts for two fill pumps available to the City of Wasco, Local School Districts, and the general public.

**Fiduciary Fund**

The RDA Successor Agency Private Purpose Trust Fund accounts for monies received from the Kern County Auditor Controller for the repayment of the enforceable obligations of the former Wasco Redevelopment Agency. These funds are restricted for the sole purpose of payment of items on an approved Recognized Payment Obligation Schedule (ROPS).

The Wasco Public Financing Authority Custodial Fund is used to account for assets held by the City of Wasco Public Financing Authority as an agent for various local governments and other entities.

***C. Measurement Focus and Basis of Accounting***

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting objectives of the economic measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***C. Measurement Focus and Basis of Accounting, Continued***

**Measurement Focus**

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

1. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
2. The proprietary fund, and the fiduciary funds utilizes an “economic resources” measurement focus. It Equity is classified as net position.

**Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Revenues which are susceptible to accrual include property taxes and special assessments that are levied for and due for the fiscal year and collected within 60 days after year-end. Licenses, permits, fines, forfeits, charges for services and miscellaneous revenues are recorded as governmental fund type revenues when received in cash because they are not generally measurable until actually received. Revenue from taxpayer assessed taxes, such as sales taxes, are recognized in the accounting period in which they became both measurable and available to finance expenditures of the fiscal period. Grant funds and reimbursements of expenses under contractual agreements are reported in governmental fund types and are recorded as a receivable when earned rather than when susceptible to accrual. Generally, this occurs when authorized expenditures are made under the grant program or contractual agreement. Expenditures are recognized when the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

The accrual basis of accounting is followed by the proprietary fund and fiduciary funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund’s principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***D. Assets, Liabilities, Net Position or Equity, and Other Financial Statement Items***

**Cash and Investments**

Cash and investment balances of each of the City's funds, except for funds required to be held by outside fiscal agents under the provisions of bond indentures, are pooled in order to take advantage of an effective investment strategy. Income earned from pooled investments is allocated to each of the funds based on average pooled cash balances during the year. Deficit cash balances are classified as due to other funds and funded by the General Fund or related operating fund.

Statutes authorize investments in obligations of the United States Treasury, agencies and instrumentalities, commercial paper, bankers' acceptances, repurchase agreements, money market funds, and investment pools. Investments are primarily comprised of holdings in investment pools, certificates of deposit, corporate bonds, muni bonds, and mutual funds. Investments are stated at fair value.

Investment of debt proceeds held by bond trustees are governed by the provisions of the Agency's debt agreement rather than the general provisions of the California Government Code.

For purposes of the Combined Statement of Cash Flows for the Proprietary fund types, cash and cash equivalents includes all pooled cash investments, non-pooled restricted cash and restricted investments with an original maturity of three months or less. The City considers the investments held in LAIF, CSJVRMA, and CalTRUST to be demand deposit accounts where funds may be withdrawn and deposited at any time without prior notice or penalty.

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/interfund payables (i.e., the current portion of interfund loans) or advances to/from other funds (the noncurrent portion) of interfund loans. All other outstanding balances between funds are reported as interfund receivables/interfund payables. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. All trade and tax receivables are shown net of an allowance for uncollectible accounts and estimated refunds due.

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***D. Assets, Liabilities, Net Position or Equity, and Other Financial Statement Items, Continued***

**Property Taxes**

Secured property taxes are levied during September of each year for the fiscal year beginning with the preceding July 1 and ending the following June 30. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. The Kern County Assessor establishes the value of the property on January 1. Taxes are payable in two installments on November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively. In 1978, a state constitutional amendment (Proposition 13) provided that the tax rate be limited to 1% of market value, levied only by the County and shared with all other jurisdictions. Such limitation on the rate may only be increased through voter approval. The County collects property taxes and distributes them to taxing jurisdictions on the basis of the taxing jurisdiction's assessed valuations and on the tax rate for voter-approved debt.

**Prepaid Items**

Certain payments to vendors applicable to future accounting periods are reported as prepaid items using the consumption method of accounting. Prepaid items do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reported as nonspendable in governments funds.

**Capital Assets and Depreciation**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, traffic signals, drainage systems and similar items), are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 (\$50,000 for infrastructure) and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment of the primary government as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Improvements other than buildings	20
Machinery and Equipment	5 - 8
Infrastructure	20 - 75

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***D. Assets, Liabilities, Net Position or Equity, and Other Financial Statement Items, Continued***

**Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation, comp time, and sick pay benefits. Accumulated sick leave is available for illness or personal use but not paid out to employees. Vacation and comp time pay liabilities are calculated at full value based on the employee's current rate of pay. All compensated absence pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Pensions**

The City implemented GASB Statements No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" and No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68".

In government-wide and proprietary financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the City recognizes a net pension liability that represents the City's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial reports provided by CalPERS. The net pension liability is measured as of the City's prior fiscal year-end. Changes in the net pension liability are recorded in the period incurred as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The change in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits as of the beginning of the measurement period and are recorded as a component of pension expense.

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pension and pension expense, information about the fiduciary net position of the City's pension plan with CalPERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period.

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***D. Assets, Liabilities, Net Position or Equity, and Other Financial Statement Items, Continued***

**Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Initial-issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bonds payables are reported net of the unamortized portion of applicable premium, discount or deferred amount on refunding. Amortization of bond premiums or discounts, and deferred amounts on refunding are included in interest expense. Bond issuance costs, except for prepaid bond insurance are expenses in the year of issuance. Prepaid bond insurance is deferred and amortized over the life of the bond.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Deferred Outflows and Inflows of Resources**

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the City recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net assets that applies to a future reporting period and so will not be recognized as an expense or expenditure until then.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. A deferred inflows of resources is defined as an acquisition of net assets that applies to a future reporting period and so will not be recognized as revenue until then.

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***D. Assets, Liabilities, Net Position or Equity, and Other Financial Statement Items, Continued***

**Net Position**

The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position is categorized as follows:

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

**Restricted Net Position** – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$12,001,871 of restricted net position, of which \$10,266,047 is restricted externally by grantors, creditors, or laws or regulations of other governments and \$1,735,824 is restricted by enabling legislation.

**Unrestricted Net Position** – This category represents net position of the City, not restricted for any project or other purpose.

When both restricted and unrestricted net position are available, it is the City's policy to use restricted net position first, and then unrestricted net position as they are needed.

**Fund Balance – Government Funds**

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

**Nonspendable** – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – Amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

**Committed** – Amounts that are obligated to a specific purpose which are internally imposed by the government through formal action (Ordinances and Resolutions) at the highest level of decision making authority (City Council). These commitments can only be overturned by a like action.

**Assigned** – Amounts that are intended to be used for specific purposes that are considered neither restricted nor committed. Undesignated excess Fund Balances may be assigned by the City Council, City Manager, or Finance Director for specific purposes through the budget process or agenda items. The assigned designation may be reversed by the City Council at any public meeting.

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***D. Assets, Liabilities, Net Position or Equity, and Other Financial Statement Items, Continued***

**Net Position, Continued**

**Unassigned** – Residual positive fund balances within the General Fund, which have not been classified within the other above mentioned categories. Unassigned Fund Balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When expenditures are incurred for purposes for which all restricted, committed, assigned, and unassigned fund balances are available, the City's policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance: Restricted, Committed, Assigned, and Unassigned.

The City does not have a formal minimum fund balance requirement.

**Appropriated Budget and Budgetary Control**

The City Council is required to adopt an annual budget resolution by July 1 of each fiscal year for the General, Special Revenue, Debt Service and Capital Projects funds. The budgets are presented for reporting purposes on a budgetary basis consistent with accounting principles generally accepted in the United States of America. The City of Wasco Public Financing Authority does not adopt a budget for its general fund.

The appropriated budget is prepared by fund, function, and department. The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments requires the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are reappropriated in the ensuing year's budget.

The City Council adopts budgets for the Enterprise. However, all Proprietary fund types are accounted for on a cost of service (net income), or "capital maintenance" measurement focus. As a result, budget comparisons are impractical. Additionally, the City is not legally mandated to report the results of operations for these Proprietary fund types on a budget comparison basis; therefore, budgetary data related to these funds has not been presented.

**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/expenses during the reporting period. Actual results could differ from those estimates.

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***D. Assets, Liabilities, Net Position or Equity, and Other Financial Statement Items, Continued***

**Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The laws governing deferred compensation plan assets require plan assets to be held in a Trust for the exclusive benefit of plan participants and their beneficiaries. The assets, all property and rights purchased with such amounts and all income attributable to such amounts, are held in trust for the exclusive benefit of the participants and the beneficiaries. The plan is administered by independent plan administrators through administrative service agreements and hence they have been excluded from these financial statements.

In the year 2021, The City has evaluated the requirements of GASB Statement No. 84, Fiduciary Activities and GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans and determined that plan didn't meet the criteria to be reported as a fiduciary activity, as required by the above Statements. Moreover, the plan is classified as other employee benefit plan for financial reporting purposes per GASB 97 requirements.

**2. CASH AND INVESTMENTS**

The City pools all of its cash and investments except those funds required to be held by outside fiscal agents under the provisions of bond indentures.

The following is a summary of the City's cash and investments as classified in the accompanying financial statements:

Pooled Cash and Investments - Governmental Funds	\$ 30,748,703
Pooled Cash and Investments - Business-type Funds	22,202,215
Fiduciary Funds:	
Cash and Investments - WPFA	545,908
Restricted Investments - WPFA	410,226
Cash and Investments - RDA Successor Private Purpose Trust	572,525
Total	<u>\$ 54,479,577</u>



**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**2. CASH AND INVESTMENTS, Continued**

Cash and investments on June 30, 2022 consist of the following:

Cash on hand	\$ 2,477
Deposits with financial institutions	5,886,786
Total Cash on hand and deposits	5,889,263
Money Market	1,534,588
Central San Joaquin Valley RMA Pool (CSJVRMA)	2,182,913
Local Agency Investment Funds (LAIF)	39,701,140
CalTrust	4,761,447
Cash and investments with fiscal agents	410,226
Total investments	48,590,314
Total cash and investments	\$ 54,479,577

**A. Deposits:**

The carrying amount of the City's cash deposit was \$5,886,786 on June 30, 2022. Balance before reconciling amounts were a positive amount of \$5,976,737 on June 30, 2022. The City has waived collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities pledged by the pledging financial Institution as permitted by the California Government Code.

The California Government Code requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2022, all of the City's deposits with financial institutions in excess of federal depository insurance limits were held in fully collateralized accounts, as permitted by the California Government Code.

Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an Agent of Depository has the effect of perfecting the security interest in the name of the local governmental agency.



**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**2. CASH AND INVESTMENTS, Continued**

**B. Investment Valuation**

The City categorizes the fair value measurements of its investments based on the hierarchy established by Generally Accepted Accounting Principles (GAAP). 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. All the City's investments are valued using Level 1 inputs based on quoted market prices. The City had the following investments on June 30, 2022:

Investment Type	Total Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments	\$ -	\$ -	\$ -	\$ -
Total	-	\$ -	\$ -	\$ -
<i>Investments not subject to leveling:</i>				
Money Market	1,534,588			
Central San Joaquin Valley RMA Pool (CSJVRMA)	2,182,913			
Local Agency Investment Funds (LAIF)	39,701,140			
CalTrust	4,761,447			
Cash and investments with fiscal agents	410,226			
Total	<u>\$48,590,314</u>			

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF on June 30, 2022, 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, 2022, the City had \$39,701,140 invested in LAIF, which had invested 1.88% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 2.31% in the previous year. The LAIF fair value factor of 0.987125 was used to calculate the fair value of the investments in LAIF.

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**2. CASH AND INVESTMENTS, Continued**

**B. Investment Valuation, Continued**

The City is a member of CSJVRMA for the purpose of pooling insurance coverage. The CSJVRMA maintains an investment pool which is available to its members. The City invested cash in this pool which is highly liquid. Deposits can be converted to cash within 24 hours without loss of interest. Included in the pool's investment portfolio are securities that are within the statutory limits imposed by government code. The pool's and the City's exposure to credit, market, or legal risk is not available. The fair value of the City's position in the pool is the same as the value of the pool shares. CSJVRMA is regulated by the California Government Code.

CalTRUST is a Joint Powers Authority created by public agencies in 2005 to provide a convenient method for public agencies to pool their assets for investment purposes. It is governed by a Board of Trustees made up of experienced local agency treasurers and investment officers. The Board sets overall policies for the program and selects and supervises the activities of the investment manager and other agents. Any California public agency that is authorized to join a Joint Powers Authority can participate in CalTRUST. The specific sections of the California Government Code that govern participation in CalTRUST are Sections 6500 and 6509.7, which offers four account options – Government Fund, Money Market Fund, Short-Term Fund and Medium-Term Fund with varying interest rates and terms of length of deposit and withdrawals.

**C. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City's interest rate risk is mitigated is by purchasing a combination of shorter term 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.

The sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2022:

Investment Type	Remaining Maturity		Total Fair Value
	12 Months or less	1 - 5 years	
Money Market	\$ 1,534,588	\$ -	\$ 1,534,588
Central San Joaquin Valley RMA Pool (CSJVRMA)	2,182,913	-	2,182,913
Local Agency Investment Funds (LAIF)	39,701,140	-	39,701,140
CalTrust	4,761,447	-	4,761,447
Cash and investments with fiscal agents	410,226	-	410,226
Total	<u>\$48,590,314</u>	<u>\$ -</u>	<u>\$48,590,314</u>

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**2. CASH AND INVESTMENTS, Continued**

***D. Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2022, were as follows:

Investment Type	Total Fair Value	Rating as of Fiscal Year-End		
		S&P	Moody's	N/A
Money Market	\$ 1,534,588			Not rated
Central San Joaquin Valley RMA Pool (CSJVRMA)	2,182,913			Not rated
Local Agency Investment Funds (LAIF)	39,701,140			Not rated
CalTrust	4,761,447			Not rated
Cash and investments with fiscal agents	410,226			Not rated
Total	<u>\$ 48,590,314</u>			

**Concentration of credit risk** – The City is required to disclose any investment in any one issuer that represents 5% or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. As such, the City has no concentration of credit risk that exceeds 5% as June 30, 2022.

**Custodial credit risk** – For an investment, this is the risk that, in the event of the failure of a depository financial institution, 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. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**3. RECEIVABLES**

Receivables on June 30, 2022 consist of the following:

Governmental Activities	General Funds	TDA	RDA Low Income Housing	Non-Major Governmental Funds	Total Governmental
Taxes receivable	\$ 1,116,640	\$ -	\$ -	\$ -	\$ 1,116,640
Due from governments	49,508	186,358	9,513	-	245,379
Miscellaneous Receivable	100,397	-	-	-	100,397
Allowance for doubtful accounts	(11,927)	-	-	-	(11,927)
Total	<u>\$ 1,254,618</u>	<u>\$ 186,358</u>	<u>\$ 9,513</u>	<u>\$ -</u>	<u>\$ 1,450,489</u>

Business-Type Activities	Water Reclamation And Sewer	Water Utility	Refuse Collection And Disposal	Public Transportation	CNG Fueling Station	Total Business-Type
Accounts receivable	\$ 267,137	\$ 647,883	\$ 643,266	\$ -	\$ -	\$ 1,558,286
Due from governments	-	-	38,820	-	-	38,820
Miscellaneous Receivable	-	1,597	-	65,574	(3,680)	63,491
Allowance for doubtful accounts	(18,993)	(28,043)	(21,825)	-	-	(68,861)
Total	<u>\$ 248,144</u>	<u>\$ 621,437</u>	<u>\$ 660,261</u>	<u>\$ 65,574</u>	<u>\$ (3,680)</u>	<u>\$ 1,591,736</u>

**4. INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS**

**Due to/from Other Funds** - These balances represent short-term loans between funds for cash shortages or expenditures and are expected to be reimbursed within one year. The composition of due to/from balances at June 30, 2022 consisted of the following:

Fund	Due From Other Funds	Due To Other Funds
Governmental Activities		
General Fund	\$ 193,645	\$ -
TDA	-	186,358
Non-Major Funds	-	7,287
Total Due From/To	<u>\$ 193,645</u>	<u>\$ 193,645</u>

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**4. INTERFUND RECEIVABLES, PAYABLES, ADVANCES AND TRANSFERS, Continued**

**Advances to/from other Funds** - On June 30, 2022 advances to/from other funds were as follows:

Fund	Advanced From	Advanced To
Governmental Funds		
General Fund	\$ 563,649	\$ -
Total Governmental Funds	563,649	-
Proprietary Funds		
Water Utility	-	563,649
Total Proprietary Funds	-	563,649
Total Advances	\$ 563,649	\$ 563,649

\$563,649 advance from Water Utility to Streets fund was for a commercial infrastructure project to be paid back over seven years from assessment collections. During FY2021 Streets fund has been rolled over to the general fund and therefore the advance amount is reported in the general fund.

**Transfers Between Funds** - With the Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2022, were as follows:

Transfers Out	Transfers In						Total Transfers out
	General Fund	CDBG RLA	Water Reclamation and Sewer	Water Utility	Refuse Collection and Disposal	Public Transportation	
Governmental Funds							
General Fund	\$ -	\$ -	\$ -	\$ 135,045	\$ -	\$ -	\$ 135,045
TDA	1,591	-	-	-	-	-	1,591
Non-Major Fund	2,240,375	45,976	-	-	-	-	2,286,351
Proprietary Funds							
Water Reclamation and Sewer	2,154	-	-	-	-	-	2,154
Water Utility	22,571	-	-	-	-	-	22,571
Refuse Collection and Disposal	10,177	-	-	-	-	-	10,177
Total Transfers In	\$ 2,276,868	\$ 45,976	\$ -	\$ 135,045	\$ -	\$ -	\$ 2,457,889

General Fund transfers in of \$2,276,868 consist of \$2,240,375 from Non-Major Funds to be applied to street operations and various street capital projects, as well as ARPA grant's related expenditures, \$1,591 from TDA Fund of State allocation of TDA revenue, and \$2,154 from Water Reclamation & Sewer Fund, \$22,571 from Water Utility Fund & \$10,177 from Refuse Collection & Disposal Fund for Munis software upgrades.

The transfers into Water Utility, of \$135,045, are from the General fund for CARES Act related expenditures.

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**5. CAPITAL ASSETS**

Governmental Activities Capital asset for the year ended June 30, 2022, was as follows:

Governmental Activities	Balance June 30, 2021	Additions	Deletions/ Adjustment	Transfers	Balance June 30, 2022
Capital Assets Not Being Depreciated					
Land	\$ 2,150,866	\$ 1,409,688	\$ -	\$ -	\$ 3,560,554
Construction in Progress	1,119,201	559,682	(16,118)	(930,972)	731,793
Total Capital Assets Not Being Depreciated	3,270,067	1,969,370	(16,118)	(930,972)	4,292,347
Capital Assets Being Depreciated					
Land Improvements	9,096,825	-	2,686	-	9,099,511
Construction	3,734,175	109,757	49,765	930,972	4,824,669
Infrastructure	28,109,918	36,104	-	-	28,146,022
Machinery and Other	2,313,189	104,500	58,793	-	2,476,482
Vehicles	1,429,792	-	-	-	1,429,792
Total Capital Assets Being Depreciated	44,683,899	250,361	111,244	930,972	45,976,476
Less Accumulated Depreciation For					
Land Improvements	5,768,074	452,003	-	-	6,220,077
Construction	1,032,123	73,487	664	-	1,106,274
Infrastructure	7,071,503	365,290	-	-	7,436,793
Machinery and Other	1,521,000	92,135	1,699	-	1,614,834
Vehicles	1,149,133	60,257	-	-	1,209,390
Total Accumulated Depreciation	16,541,833	1,043,172	2,363	-	17,587,368
Total Capital Assets Being Depreciated, Net	28,142,066	(792,811)	108,881	930,972	28,389,108
Governmental Activities Capital Assets, net	\$ 31,412,133	\$ 1,176,559	\$ 92,763	\$ -	\$ 32,681,455

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

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

General government	\$ 136,686
Public safety	2,321
Public works	904,165
	<u>\$ 1,043,172</u>

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**5. CAPITAL ASSETS, Continued**

Business-Type Activities' Capital Assets for the year ended June 30, 2022, was as follows:

Business-Type Activities	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Capital Assets Not Being Depreciated					
Land	\$ 767,323	\$ 141,214	\$ -	\$ -	\$ 908,537
Construction in Progress	3,886,449	15,953	-	(3,290,773)	611,629
Total Capital Assets Not Being Depreciated	4,653,772	157,167	-	(3,290,773)	1,520,166
Capital Assets Being Depreciated					
Land Improvements	7,210,841	-	-	-	7,210,841
Construction	21,108,481	9,049	-	-	21,117,530
Infrastructure	8,383,104	192,399	-	3,283,259	11,858,762
Machinery and Other	12,011,222	152,523	-	7,514	12,171,259
Vehicles	4,510,713	-	-	-	4,510,713
Total Capital Assets Being Depreciated	53,224,361	353,971	-	3,290,773	56,869,105
Less Accumulated Depreciation For					
Land Improvements	6,364,905	119,044	-	-	6,483,949
Construction	8,274,964	419,131	-	-	8,694,095
Infrastructure	3,386,601	149,349	-	-	3,535,950
Machinery and Other	6,324,905	447,669	-	-	6,772,574
Vehicles	3,270,330	304,478	-	-	3,574,808
Total Accumulated Depreciation	27,621,705	1,439,671	-	-	29,061,376
Total Capital Assets Being Depreciated, Net	25,602,656	(1,085,700)	-	3,290,773	27,807,729
Business-Type Activities Capital Assets, net	\$ 30,256,428	\$ (928,533)	\$ -	\$ -	\$ 29,327,895

Depreciation expense for Business-Type Activities were as follows:

Depreciation expense for Business-Type Activities were as follows:

Water Reclamation and Sewer	\$ 630,870
Water Utility	493,161
Refuse Collection and Disposal	237,114
Public Transportation	51,286
CNG Fueling Station	27,240
	<u>\$ 1,439,671</u>

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**6. ACCRUED LIABILITIES**

Accrued Liabilities on June 30, 2022, as reported on the Statement of Net Position are detailed as follows:

	<u>General Fund</u>					
Governmental Activities						
Accrued Payroll	\$		35,673			
Employee Withholdings			94,020			
Other Liabilities			63,283			
Total	\$		192,976			
	Water Reclamation And Sewer	Water Utility	Refuse Collection and Disposal	Public Transportation	CNG Fueling Station	Total Business-Type
Business-Type Activities						
Accrued Payroll	\$ 8,327	\$ 9,178	\$ 13,683	\$ 2,601	\$ 42	\$ 33,831
Accrued Interest Payable	3,272	-		-	-	3,272
Total	\$ 11,599	\$ 9,178	\$ 13,683	\$ 2,601	\$ 42	\$ 37,103

**7. LONG-TERM LIABILITIES**

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Governmental Activities					
Compensated Absences	\$ 106,413	\$ 130,794	\$ (118,364)	\$ 118,843	46,348
Total Governmental Activities	106,413	130,794	(118,364)	118,843	46,348
Business-Type Activities					
Compensated Absences	146,300	140,899	(160,354)	126,845	49,651
Total Business-Type Activities	146,300	140,899	(160,354)	126,845	49,651
Total Statement of Net Position	\$ 252,713	\$ 271,693	\$ (278,718)	\$ 245,688	\$ 95,999

The compensated absences for business-type activities will be paid by the respective funds in which the expense was accrued. Compensated absences for governmental activities are typically paid from the General Fund.



**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**8. UNEARNED REVENUE**

Unearned Revenue consists of moneys received where the City has not yet incurred the qualifying expenditures as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Fund
General Grant	71,970	\$ -	\$ -
Emergency Response	21,879	-	-
Park Impact Fees	702,536	-	-
APRA Grant	1,695,285	-	-
TDA	-	260,032	-
Total	\$ 2,491,670	\$ 260,032	\$ -

**9. PUBLIC ENTITY RISK POOLS**

The City maintains self-insurance programs for workers' compensation, general public liability, auto liability and property coverage through its membership in the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The CSJVRMA is comprised of 55 member cities and special districts and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of the CSJVRMA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Each member has a representative on the Board of Directors with officers of the CSJVRMA being elected annually by the Board Members.

**Liability Program:** The program provides \$54 million of coverage per occurrence for general & automobile liability and public officials errors & omission coverage. CSJVRMA members self-fund the first \$1 million of exposure; losses above \$1 million to \$54 million are covered through CSJVRMA's participation in the California Affiliated Risk Management Authority's (CARMA) excess pool. The California Affiliated Risk Management Authority (CARMA) is comprised of six member Joint Power Authorities and is organized under a Joint Powers Agreement pursuant to the California Government Code. Losses exceeding \$1 million up to \$54 million are covered through reinsurance. Within CSJVRMA's \$1 million retention, the City of Wasco selected a self-insured retention of \$25,000. The pool shares all losses exceeding a member's self-insured retention.

**Employment Practices Liability (EPL):** This program from CSJVRMA covers the EPL exposures through the Employment Risk Management Authority (ERMA). ERMA is comprised of eight members Joint Power Authorities and is organized under a Joint Powers Agreement pursuant to the California Government Code. ERMA covers \$2 million for each occurrence less the members' retained limit of \$1 million.

**Workers' Compensation:** The program is a risk sharing pool. The City self-insures for the first \$500,000 of liability. Losses in excess of \$500,000, up to \$5 million are covered through CSJVRMA's participation in the Local Agency Workers' Compensation Excess JPA (LAWCX) which is comprised of 32 different Joint Power Authorities. For excess coverage, LAWCX is a member of the California State Association of Counties Excess Insurance Authority which provides coverage up to the statutory limit.

**Property Insurance:** The City, through its membership in CSJVRMA participates in a pooled program. CSJVRMA members self-fund the first \$25,000 of loss; losses above \$25,000 to \$1,000,000,000 are covered through excess property and boiler & machinery policies. The City of Wasco's deductible is \$5,000 or \$10,000 per loss.

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**9. PUBLIC ENTITY RISK POOLS, Continued**

The latest audited financial information available from CSJVRMA is for the year ended June 30, 2022 as follows:

Total Assets	\$ 150,837,823
Total Liabilities	118,663,929
Total Net Position	<u>\$ 32,173,894</u>
Total Revenue	\$ 66,885,024
Total Expenses	55,557,907
Change in Net Position	<u>\$ 11,327,117</u>

**10. RETIREMENT PLAN**

**A. General Information about the Pension Plans**

**Plan Description.** The City contributes to the Miscellaneous Plan and the Safety Plan, which are both cost sharing multiple employers defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. Benefit provisions are established by state statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through board resolution. CalPERS issues a separate comprehensive annual financial report which is publicly available and can be obtained at CalPERS' website under Forms and Publications.

**Benefits Provided and Employees Covered.** CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and plan beneficiaries. The Miscellaneous Plan has three Tiers of benefits. Tier I - Applicable to employees hired prior to January 1, 2013, with a formula of 3% at age 60. Tier II - Also applicable to employees hired prior to January 1, 2013, with a formula of 2.5% at age 55. Tier III - Applicable to new CalPERS members hired on or after January 1, 2013, as a result of Public Employees' Pension Reform Act of 2013 (PEPRA) with a formula of 2% at age 62. The Safety Plan with a formula of 2% at age 55 is for the City's inactive police department and therefore has no active employees.

As of the June 30, 2021 measurement date, the City had the following employees covered by benefit term:

	Miscellaneous Plan			Safety Plan
	Tier I	Tier II	Tier III	
Active	21	5	35	-
Transferred	23	2	11	-
Separated	10	2	17	-
Retired	60	4	-	14

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**10. RETIREMENT PLAN, Continued**

**A. General Information about the Pension Plans, Continued**

**Contributions.** Active plan members are required to contribute 10% of their annual covered salary for Miscellaneous Plan Tier I and Tier II and 6.25% for Miscellaneous Plan Tier III. The City makes the contributions required of City's contract employees on their behalf and for their account for Tier 1 and Tier II. The City is also required to contribute the actuarially determined annual required contributions necessary to fund the plans. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The average required employer contribution rate for the fiscal year 2020-21 was 15.445% (Tier I) and 11.742% (Tier II) and 7.732% (Tier III) and 0% (Safety) of annual covered salary. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

On June 30, 2022, the City reported net pension liability of \$3,303,673 for its proportionate share of the net pension liability.

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

Proportion - June 30, 2020	0.06537%
Proportion - June 30, 2021	<u>0.06109%</u>
Change - Increase (Decrease)	<u>-0.00428%</u>

**B. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources**

For the year ended June 30, 2022, the City recognized pension income of \$83,469. On June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 393,938	\$ -
Difference between Projected and Actual Investment Earnings	-	2,772,910
Differences between Employer's Contributions and Proportionate Share of Contributions	-	151,537
Changes in Employer's Proportion	31,110	152,576
Pension Contributions Made Subsequent to Measurement Date	<u>1,574,569</u>	<u>-</u>
Total	<u>\$ 1,999,617</u>	<u>\$ 3,077,023</u>

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**10. RETIREMENT PLAN, Continued**

***B. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources, Continued***

\$1,574,569 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 pension will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	
2023	\$ (679,030)
2024	(581,190)
2025	(625,741)
2026	(766,014)

**Actuarial Methods and Assumptions.** The total pension liability for the June 30, 2021 measurement period was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021 using standard update procedures. The total pension liability for the measurement date June 30, 2021 were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation 2.50%	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table *	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies,

\*The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

**Changes in Assumption.** There were no changes of assumptions during the measurement period June 30, 2021. Deferred inflows of resources for changes in assumptions presented in the deferred outflows/inflows table above represents the portion of the changes of assumptions related to prior measurement periods.

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**10. RETIREMENT PLAN, Continued**

***B. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources, Continued***

**Discount Rate.** The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical 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.

The table on the next page reflects 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.

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**10. RETIREMENT PLAN, Continued**

**B. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources, Continued**

Asset Class <sup>(1)</sup>	Assumed Asset Allocation	Real Return Years 1 - 10 <sup>(2)(4)</sup>	Real Return Years 11+ <sup>(3)(4)</sup>
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100%		

<sup>(1)</sup> In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>(2)</sup> An expected inflation of 2.00% used for this period.

<sup>(3)</sup> An expected inflation of 2.92% used for this period.

<sup>(4)</sup> Figures are based on previous ALM of 2017

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate.** The following presents the net pension liability calculated using a discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

1% Decrease	6.15%
Net Pension Liability	\$ 7,597,696
Current Discount Rate	7.15%
Net Pension Liability	\$ 3,303,673
1% Increase	8.15%
Net Pension Liability	\$ (245,550)

**Plan Fiduciary Net Position.** Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial report. The plan fiduciary net position may differ from the plan assets reported in the actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included in fiduciary net position. These amounts are excluded for rate setting purposes in the funding actuarial valuation.

**Payable to the Pension Plan.** On June 30, 2022, the City reported a payable of \$0 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

**11. CONDUIT DEBT OBLIGATIONS**

In addition to the Long-Term Liabilities discussed in Note 7, Long-Term Liabilities have been issued in the name of the Wasco Public Financing Authority. Neither the City, nor the Authority, is obligated in any manner for the repayment of these obligations. The Authority acts as an agent to property owners for the collection and repayment of Special Assessment Debt.

These bonds were issued for the purpose of enabling the Authority to acquire qualified obligations and were issued under the authority of the Marks-Roos Local Bond Pooling Act of 1985. The purchased obligations are generally repaid by a special assessment against real estate and were used to finance the construction of necessary infrastructure, including but not limited to curbs, gutters, sidewalks, waterlines, and sanitary sewer facilities. The special assessment obligations serve as security for the bonds issued by the Authority. The bonds payable and special assessments outstanding are detailed as follows:

Assessment Districts	Remaining Collections	Outstanding Debt Service
91-2B Summerfield	\$ 8,073	\$ 10,850
93-1 Southside - Childress	51,466	89,775
Total	<u>\$ 59,539</u>	<u>\$ 100,625</u>

The "Remaining Collections" represents the sum of the remaining principal and interest for each active parcel after 2021/22 debt service has been billed.

**12. DEFICIT FUND BALANCES AND NET POSITION**

As of June 30, 2022 the following funds had a fund deficit:

Governmental Funds	
TDA	\$ (186,358)
Total Governmental Funds	<u>\$ (186,358)</u>

The above deficits are a result of expenditures prior to grant reimbursement.

**13. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2022, the General Fund and other Major Funds had the following expenditures in excess of its budget:

Funds	Amount Exceeded Budget
General Fund:	
Public works -code compliance	\$ (14,437)
CDBG RLA:	
Community development	(8,558)
CalHOME Reuse:	
Community development	(148)

Sufficient resources were available within the funds to finance these overages.



**City of Wasco**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**14. CONTINGENCIES AND COMMITMENTS**

**Grant Awards** - The City participates in certain Federal, and State assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives.

An audit of the City's Caltrans projects by the California Department of Transportation (Caltrans), determined that a violation of Caltrans regulations existed. Consequently, Caltrans determined that \$224,699 potentially be disallowed and required that the City reimburse this amount to Caltrans. During fiscal year 2021/2022 the City paid Caltrans a sum of \$224,699 to resolve the dispute.

**15. PRIOR PERIOD ADJUSTMENT**

The City recorded prior period adjustment to correct net position balance of the Custodial Fund as of June 30, 2021, because bond payable was wrongly reported as part of its liabilities. The adjustments were as follows:

	Net Position, as Previously Reported at June 30, 2021	Prior Period Adjustments		Net Position, as Restated at June 30, 2021
		Liabilities		
<b>Fiduciary Funds - Custodial Fund</b>				
Wasco Public Financing Authority	\$ 754,648	\$ 100,000		\$ 854,648



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# REQUIRED SUPPLEMENTARY INFORMATION

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**City of Wasco**  
**Required Supplementary Information**  
**Cost Sharing Defined Benefit Pension Plan**  
**For the year ended June 30, 2022**

*Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios  
as of the Measurement Date*

<b>Fiscal year</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Measurement date:</b>	<b>6/30/2021</b>	<b>6/30/2020</b>	<b>6/30/2019</b>	<b>6/30/2018</b>
Proportion share of the net pension liability	0.06109%	0.06537%	0.06518%	0.07044%
Proportionate share of the net pension liability	\$ 3,303,673	\$ 7,112,777	\$ 6,679,161	\$ 6,787,909
Covered payroll	\$ 3,607,271	\$ 3,159,408	\$ 3,061,133	\$ 2,823,120
Proportionate share of the net pension liability / (asset) as a percentage of its covered payroll	91.58%	225.13%	218.19%	240.44%
Proportionate share of the fiduciary net position as a percentage of the City's net pension liability	88.29%	75.10%	75.26%	75.26%

<b>Fiscal year</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Measurement date:</b>	<b>6/30/2017</b>	<b>6/30/2016</b>	<b>6/30/2015</b>	<b>6/30/2014</b>
Proportion share of the net pension liability	0.07368%	0.07712%	0.08293%	0.09319%
Proportionate share of the net pension liability	\$ 7,307,480	\$ 6,673,668	\$ 5,692,558	\$ 5,450,478
Covered payroll	\$ 3,187,601	\$ 2,976,881	\$ 3,004,620	\$ 2,525,280
Proportionate share of the net pension liability / (asset) as a percentage of its covered payroll	229.25%	224.18%	189.46%	215.84%
Proportionate share of the fiduciary net position as a percentage of the City's net pension liability	73.31%	74.06%	78.40%	79.82%

Notes to Schedule

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

Assumption Changes: 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. CalPERS mortality assumptions were adjusted in fiscal year 2019.

**City of Wasco**  
**Required Supplementary Information**  
**Cost Sharing Defined Benefit Pension Plan**  
**For the year ended June 30, 2022**

*Schedule of City Contributions*

<b>Fiscal Year</b>	<b>6/30/2022</b>	<b>6/30/2021</b>	<b>6/30/2020</b>	<b>6/30/2019</b>
Actuarially determined contribution	\$ 1,574,569	\$ 1,137,987	\$ 846,598	\$ 1,031,256
Contributions in relation to actuarially determined contributi	(1,574,569)	(1,137,987)	(846,598)	(1,031,256)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,434,650	\$ 3,607,271	\$ 3,159,408	\$ 3,061,133
Contributions as a percentage of covered payroll	45.84%	31.55%	26.80%	33.69%

<b>Fiscal Year</b>	<b>6/30/2018</b>	<b>6/30/2017</b>	<b>6/30/2016</b>	<b>6/30/2015</b>
Actuarially determined contribution	\$ 934,521	\$ 915,447	\$ 861,299	\$ 650,046
Contributions in relation to actuarially deemed contributions	(934,521)	(915,447)	(861,299)	(650,046)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered employee-payroll	\$ 2,823,120	\$ 3,187,601	\$ 2,976,881	\$ 3,004,620
Contributions as a percentage of covered payroll	33.10%	28.72%	28.93%	21.63%

**Notes to the Schedule:**

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

Methods and assumptions used to determine contribution rates:

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal, cost method
Amortization method	Varies by date established and source
Remaining amortization period	Differs by employer rate plan but not more than 29 years
Assets valuation method	Market value of assets
Inflation	2.50%
Salary increases	Depending on age, service and type of employment
Investment rate of return	7% (net of administrative expenses)
Mortality	Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by

**City of Wasco**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2022**

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**1. BUDGET AND BUDGETARY ACCOUNTING**

**Budgeting Procedures**

The City's fiscal year runs from July 1 through June 30. Each year, the Finance Director prepares the Proposed Operating Budget and Capital Improvement Program which are adopted in June. The budget process is as follows:

- In January, the City Council meets to set the goals and priorities for the upcoming fiscal year.
- In February, the department supervisors, superintendents, and deputy directors meet with the department directors to review the budget requests.
- In February and March, the department directors meet with the Finance Director and Accounting Manager to review the budget requests.
- In April, each department director meets with the City Manager, Finance Director and Accounting Manager to review the budget requests.
- In May and June, the City Council holds special budget workshop meetings. At these meetings, the public is invited to comment on the Proposed Operating Budget and Capital Improvement Program and the Council makes a number of important policy decisions regarding the budget.
- In June, the Proposed Operating Budget and Capital Improvement Program, and any changes made to them during the budget workshops, are adopted by resolution.

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# City of Wasco

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

### General Fund

### For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
<b>REVENUES:</b>				
Taxes	\$ 8,675,230	\$ 8,808,930	\$ 10,654,353	\$ 1,845,423
Licenses and permits	430,855	473,355	477,280	3,925
Intergovernmental	-	-	239,572	239,572
Charges for services	170,448	121,070	234,038	112,968
Fines, forfeitures and assessments	32,500	32,500	50,863	18,363
Use of money and property	123,000	123,000	(631,259)	(754,259)
Miscellaneous	27,114	27,114	458,042	430,928
<b>Total revenues</b>	<b>9,459,147</b>	<b>9,585,969</b>	<b>11,482,889</b>	<b>1,896,920</b>
<b>EXPENDITURES:</b>				
Current:				
General government				
City Council	286,823	106,835	82,377	24,458
City Manager	444,901	39,394	28,547	10,847
City clerk	23,830	33,330	2,187	31,143
Finance and accounting	89,990	89,990	20,381	69,609
Human resources and risk management	43,587	43,587	5,521	38,066
City attorney	250,000	250,000	158,992	91,008
<b>Total general government</b>	<b>1,139,131</b>	<b>563,136</b>	<b>298,005</b>	<b>265,131</b>
Public safety				
Sheriff	4,561,076	4,963,356	4,691,768	271,588
Animal control	338,139	351,839	330,223	21,616
Fire	1,037,300	634,820	540,245	94,575
<b>Total public safety</b>	<b>5,936,515</b>	<b>5,950,015</b>	<b>5,562,236</b>	<b>387,779</b>
Public works	1,089,290	1,083,967	856,736	227,231
Community development				
Planning	498,623	478,899	438,311	40,588
Engineering	625,407	625,211	262,241	362,970
Building inspection	515,202	515,202	461,724	53,478
Code compliance	374,325	377,445	391,882	(14,437)
<b>Total community development</b>	<b>2,013,557</b>	<b>1,996,757</b>	<b>1,554,158</b>	<b>442,599</b>
Non-departmental	95,541	36,080	21,179	14,901
Capital outlay:				
General capital outlay	8,685,420	8,685,420	2,149,332	6,536,088
<b>Total expenditures</b>	<b>18,959,454</b>	<b>18,315,375</b>	<b>10,441,646</b>	<b>7,873,729</b>
<b>REVENUES OVER (UNDER)</b>	<b>(9,500,307)</b>	<b>(8,729,406)</b>	<b>1,041,243</b>	<b>9,770,649</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,192,487	3,192,487	2,276,868	(915,619)
Transfers out	(4,302,767)	(5,950,759)	(135,045)	5,815,714
<b>Total other financing sources (uses)</b>	<b>(1,110,280)</b>	<b>(2,758,272)</b>	<b>2,141,823</b>	<b>4,900,095</b>
<b>Net change in fund balances</b>	<b>\$ (10,610,587)</b>	<b>\$ (11,487,678)</b>	<b>3,183,066</b>	<b>\$ 14,670,744</b>
<b>FUND BALANCES:</b>				
Beginning of year			17,743,412	
End of year			<u>\$ 20,926,478</u>	



# City of Wasco

## Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual TDA Grant

For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 1,006,831	\$ 1,006,831	\$ -	\$ (1,006,831)
<b>Total revenues</b>	1,006,831	1,006,831	-	(1,006,831)
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	1,006,831	1,006,831	-	(1,006,831)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,260,892)	(1,260,892)	(1,591)	1,259,301
<b>Total other financing sources (uses)</b>	(1,260,892)	(1,260,892)	(1,591)	1,259,301
<b>Net change in fund balances</b>	<u>\$ (254,061)</u>	<u>\$ (254,061)</u>	(1,591)	<u>\$ 252,470</u>
<b>FUND BALANCES:</b>				
Beginning of year			(184,767)	
End of year			<u>\$ (186,358)</u>	

# City of Wasco

## Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual CDBG RLA

For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	-	-	-	-
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	8,558	(8,558)
<b>Total expenditures</b>	-	-	8,558	(8,558)
<b>Net change in fund balances</b>	\$ -	\$ -	(8,558)	\$ (8,558)
<b>FUND BALANCES:</b>				
Beginning of year			1,656,487	
End of year			\$ 1,647,929	

# City of Wasco

## Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual CalHOME Reuse

For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 7,717	\$ 7,717
<b>Total revenues</b>	-	-	7,717	7,717
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	148	(148)
<b>Total expenditures</b>	-	-	148	(148)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	7,569	7,865
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	45,976	45,976
<b>Total other financing sources (uses)</b>	-	-	45,976	45,976
<b>Net change in fund balances</b>	\$ -	\$ -	53,545	\$ 53,841
<b>FUND BALANCES:</b>				
Beginning of year			2,590,305	
End of year			\$ 2,643,850	

# City of Wasco

## Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual 2005 HCD Fund For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	-	-	-	-
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	-	-
<b>Net change in fund balances</b>	\$ -	\$ -	-	\$ -
<b>FUND BALANCES:</b>				
Beginning of year			950,000	
End of year			\$ 950,000	

# City of Wasco

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

### RDA Low Income Housing

For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	-	-	-	-
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>Net change in fund balances</b>	\$ -	\$ -	-	\$ -
<b>FUND BALANCES:</b>				
Beginning of year			1,075,046	
End of year			\$ 1,075,046	

# City of Wasco

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

### Park Impact Fund

For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ 136,443	\$ 136,443
Use of money and property	3,000	3,000	3,821	821
<b>Total revenues</b>	<b>3,000</b>	<b>3,000</b>	<b>140,264</b>	<b>137,264</b>
<b>EXPENDITURES:</b>				
Capital outlay:				
General capital outlay	175,000	175,000	136,443	38,557
<b>Total expenditures</b>	<b>175,000</b>	<b>175,000</b>	<b>136,443</b>	<b>38,557</b>
<b>Net change in fund balances</b>	<b>\$ (172,000)</b>	<b>\$ (172,000)</b>	<b>3,821</b>	<b>\$ 98,707</b>
<b>FUND BALANCES:</b>				
Beginning of year			4,042	
End of year			<u>\$ 7,863</u>	

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# SUPPLEMENTARY INFORMATION

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## **Nonmajor Governmental Funds**

### **Nonmajor Special Revenue Funds**

**Lighting & Landscape Fund** – Accounts for revenues received for maintenance and operation of the majority of the streetlights and parkways in the City. Revenues are derived from benefit assessments to properties within the City's three maintenance districts. Expenditures include the direct costs of labor, supplies and equipment to maintain the districts and parks.

**Emergency Response** – Accounts for the activities of the emergency response team. The emergency response team will work in close cooperation with the State and County standardized emergency management system and their associates.

**Sewer Lift Station Fund** – Accounts for funds collected from a special assessment district created around properties benefiting from the lift station. The funds collected are used to operate and maintain the sewer lift station.

**Community Facilities District** – Accounts for revenues received pursuant to Resolution 2017-3211 and Ordinance 2017-688 for the purpose of providing public safety, street maintenance, landscape maintenance in the public right-of-way and other services within the district.

**Gas Tax Fund** – Accounts for revenues apportioned under the Street and Highway Code of the State of California. These funds can be used for any street-related purpose.

**Traffic Safety Fund** – Accounts for revenues derived from vehicle fines paid on violations issued by the Kern County Sheriff's Department within the City limits. These revenues are used for traffic striping and marking the City streets.

**Traffic Impact Fund** – Accounts for revenues charged to new businesses as they move into the City. These fees are used to install traffic lights, widen streets and any other traffic control in the area that is impacted by the traffic created by the new business.

**COPS Grant Fund** – Accounts for revenues that the State of California issues to the County of Kern funds for front line law enforcement services. These funds are distributed to local Municipalities by an internal formula. The funds are utilized by the Sheriff for anti-gang and community crime prevention programs in the City.

## **Nonmajor Governmental Funds, Continued**

### **Nonmajor Special Revenue Funds, Continued**

**2002 CalHome Grant Fund** – Accounts for all grant funds awarded to the City for low and moderate income rehabilitations. This fund also utilizes available funds from the CDBG reuse money and the Redevelopment Agency's 20% low and moderate housing set-a-side funds.

**2003 CDBG Grant Fund** – Accounts for the Community Development Block Grant (CDBG) received in 2003. The grant funds are disbursed to homeowners who meet low and moderate income guidelines and qualify for the CDBG program as deferred loans, grants or below market interest rate loans. The revenue collected year to year as loan payments or loan payoffs is used to fund the City's local portion of CDBG projects and helps enhance the programs offered by the Special Programs Financing Department.

**2003 CalHome Grant Fund** – The City was awarded \$500,000 in funding through the 2004 CalHome Program funding. These funds will be used for the City's housing rehabilitation program toward more owner-occupied housing rehabilitation. This funding will allow the City to continue to meet the rehabilitation needs of the low and moderate income homeowners in Wasco through making 3% interest 20 year deferred loans for the purpose of housing rehabilitation. This fund also utilizes available funds from the CDBG reuse money and the Redevelopment Agency's 20% low and moderate housing set-aside funds.

**2004 CDBG Grant Fund** – The City applied for \$500,000 in funding through the 2004 Community Development Block Grant (CDBG) Program. These funds will be used by the City's housing rehabilitation department. Most of this grant will be spent on housing rehabilitation loans, however, \$46,250 of this grant will be spent on infill sidewalks for Census Tract 44 through the 10% set-aside component of the CDBG grant.

**2004 CalHome Grant Fund** – The City was awarded \$500,000 in funding through the 2004 CalHome Program funding. These funds will be used for the City's housing rehabilitation program toward more owner-occupied housing rehabilitation. This funding will allow the City to continue to meet the rehabilitation needs of the low and moderate income homeowners in Wasco through making 3% interest 20 year deferred loans for the purpose of housing rehabilitation. This fund also utilizes available funds from the CDBG reuse money and the Redevelopment Agency's 20% low and moderate housing set-aside funds.

## **Nonmajor Governmental Funds, Continued**

### **Nonmajor Special Revenue Funds, Continued**

**2005 CalHome Grant Fund** – The City was awarded \$500,000 in funding through the 2005 CalHome Program funding. These funds will be used for the City's housing rehabilitation program toward more owner-occupied housing rehabilitation. This funding will allow the City to continue to meet the rehabilitation needs of the low and moderate income homeowners in Wasco through making 3% interest 20 year deferred loans for the purpose of housing rehabilitation. This fund also utilizes available funds from the CDBG reuse money and the Redevelopment Agency's 20% low and moderate housing set-aside funds.

**2006 CalHome Grant Fund** – The City was awarded \$500,000 in funding through the 2006 CalHome Program funding. These funds will be used for the City's housing rehabilitation program toward more owner-occupied housing rehabilitation. This funding will allow the City to continue to meet the rehabilitation needs of the low and moderate income homeowners in Wasco through making 3% interest 20 year deferred loans for the purpose of housing rehabilitation. This fund also utilizes available funds from the CDBG reuse money and the Redevelopment Agency's 20% low and moderate housing set-aside funds.

**BEGIN Grant Reuse Fund** – Accounts for program income from the City's BEGIN grant program. In accordance with the BEGIN program guidelines, all program income must be accounted for and kept in a reuse fund where it can then be accumulated and lent back out on BEGIN eligible activities.

**2009 CDBG Grant Fund** – The City was awarded \$800,000 from CDBG for a housing combo grant to assist citizens with First Time Homebuyer Down Payment Assistance and Housing Rehabilitation Loans. This money is currently being lent to qualified low income applicants at 1% interest.

**HOME Grant Reuse Fund** – Accounts for program income from the City's HOME grant program. In accordance with the HOME program guidelines, all program income must be accounted for and kept in a reuse fund where it can then be accumulated and lent back out on HOME eligible activities.

## **Nonmajor Governmental Funds, Continued**

### **Nonmajor Special Revenue Funds, Continued**

**2008 CDBG Grant Fund** – The City was awarded \$300,000 in funding through the 2008 CDBG Economic Development Grant. These funds are to be used to provide business assistance loans to qualified local businesses in the form of below market interest rate loans. This grant will be expiring in December 2012.

**Public Finance Authority (component unit)** – Accounts for the general fund the Wasco Public Finance Authority (a component unit of the City). The Wasco Public Finance Authority was created for the purpose of issuing its bonds to be used to provide financial assistance to the City, the Agency or any other public entity of the State of California.

**2010 HOME Grant Fund** – The City was awarded \$800,000 in HOME funds to assist citizens with the purchase of their first home. This money is currently being lent out to qualified low income recipients as a "silent-second" at 1% interest.

**ARPA Grant Fund** – Accounts for the American Rescue Plan Act Funding and related expenditures

**Illegal Dumping Resources Fund** – Accounts account for these prop 218 tax fund that will be used to combat illegal dumping.

**City of Wasco**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2022**

	Special Revenue Funds			
	Lighting & Landscape	Emergency Response	Sewer Lift Station	Community Facilities District
<b>ASSETS</b>				
Cash and investments	\$ 27,481	\$ 23,446	\$ 211,805	\$ 90,848
Notes receivable	-	-	-	-
<b>Total assets</b>	<b>27,481</b>	<b>23,446</b>	<b>211,805</b>	<b>90,848</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	5,032	-	177	22
Accrued liabilities	908	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	21,879	-	-
<b>Total liabilities</b>	<b>5,940</b>	<b>21,879</b>	<b>177</b>	<b>22</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted for:				
Community development	-	-	-	90,826
Streets and transportation	21,541	-	-	-
Public safety	-	1,567	-	-
Other purposes	-	-	211,628	-
Assigned:				
Community development	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>21,541</b>	<b>1,567</b>	<b>211,628</b>	<b>90,826</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 27,481</b>	<b>\$ 23,446</b>	<b>\$ 211,805</b>	<b>\$ 90,848</b>

Special Revenue Funds			
Gas Tax	Traffic Safety	Traffic Impact	COPS Grant Fund
\$ 923,848	\$ -	\$ 2,169,331	\$ 223,959
-	-	-	-
923,848	-	2,169,331	223,959
-	-	-	-
-	-	-	-
-	7,287	-	-
-	-	-	-
-	7,287	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
923,848	-	2,169,331	-
-	-	-	223,959
-	-	-	-
-	-	-	-
-	(7,287)	-	-
923,848	(7,287)	2,169,331	223,959
\$ 923,848	\$ -	\$ 2,169,331	\$ 223,959

**City of Wasco**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2022**

	Special Revenue Funds		
	2004		
	CalHome Grant Fund	BEGIN Grant Reuse	HOME Grant Reuse
<b>ASSETS</b>			
Cash and investments	\$ -	\$ 11,423	\$ 648,076
Notes receivable	-	86,447	502,713
<b>Total assets</b>	<b>-</b>	<b>97,870</b>	<b>1,150,789</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	-	-	-
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>			
Unavailable revenues	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>			
Nonspendable	-	-	-
Restricted for:			
Community development	-	97,870	1,150,789
Streets and transportation	-	-	-
Public safety	-	-	-
Other purposes	-	-	-
Assigned:			
Community development	-	-	-
Unassigned	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>97,870</b>	<b>1,150,789</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ -</b>	<b>\$ 97,870</b>	<b>\$ 1,150,789</b>

Special Revenue Funds			
Public Financing Authority	ARPA Grant Fund	Illegal Dumping Resources Fund	Total Nonmajor Governmental Funds
\$ 110,389	\$ 1,783,564	\$ 82,717	\$ 6,306,887
-	-	-	589,160
110,389	1,783,564	82,717	6,896,047
9,252	72,909	-	87,392
-	-	-	908
-	-	-	7,287
-	1,695,285	-	1,717,164
9,252	1,768,194	-	1,812,751
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	1,339,485
-	-	-	3,114,720
-	-	-	225,526
-	-	82,717	294,345
101,137	15,370	-	116,507
-	-	-	(7,287)
101,137	15,370	82,717	5,083,296
\$ 110,389	\$ 1,783,564	\$ 82,717	\$ 6,896,047



# City of Wasco

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Nonmajor Governmental Funds

For the year ended June 30, 2022

	Special Revenue Funds			
	Lighting & Landscape	Emergency Response	Sewer Lift Station	Community Facilities District
<b>REVENUES:</b>				
Taxes	\$ 177,731	\$ -	\$ 11,583	\$ 80,870
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines, forfeitures and assessments	-	-	-	-
Use of money and property	58	-	762	87
Miscellaneous	464	-	-	-
<b>Total revenues</b>	<b>178,253</b>	<b>-</b>	<b>12,345</b>	<b>80,957</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	180,045	-	6,837	298
Community development	-	-	-	-
<b>Total expenditures</b>	<b>180,045</b>	<b>-</b>	<b>6,837</b>	<b>298</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,792)</b>	<b>-</b>	<b>5,508</b>	<b>80,659</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	-	(80,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(80,000)</b>
<b>Net change in fund balances</b>	<b>(1,792)</b>	<b>-</b>	<b>5,508</b>	<b>659</b>
<b>FUND BALANCES:</b>				
Beginning of year, as restated	23,333	1,567	206,120	90,167
End of year	\$ 21,541	\$ 1,567	\$ 211,628	\$ 90,826

Special Revenue Funds			
Gas Tax	Traffic Safety	Traffic Impact	COPS Grant Fund
\$ 1,108,116	\$ -	\$ -	\$ -
-	-	73,712	-
-	-	-	161,285
-	-	-	-
-	11,073	-	-
3,020	-	9,975	-
-	-	-	-
1,111,136	11,073	83,687	161,285
-	14,999	-	-
-	-	-	-
-	14,999	-	-
1,111,136	(3,926)	83,687	161,285
(596,926)	-	-	(150,000)
(596,926)	-	-	(150,000)
514,210	(3,926)	83,687	11,285
409,638	(3,361)	2,085,644	212,674
\$ 923,848	\$ (7,287)	\$ 2,169,331	\$ 223,959

# City of Wasco

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the year ended June 30, 2022

	Special Revenue Funds		
	2004		
	CalHome Grant	BEGIN	HOME
	Fund	Grant Reuse	Grant Reuse
<b>REVENUES:</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines, forfeitures and assessments	-	-	-
Use of money and property	45,976	42	32,011
Miscellaneous	-	-	-
<b>Total revenues</b>	<b>45,976</b>	<b>42</b>	<b>32,011</b>
<b>EXPENDITURES:</b>			
Current:			
Public works	-	-	25,923
Community development	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>25,923</b>
<b>REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	<b>45,976</b>	<b>42</b>	<b>6,088</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	(45,976)	-	-
<b>Total other financing sources (uses)</b>	<b>(45,976)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>42</b>	<b>6,088</b>
<b>FUND BALANCES:</b>			
Beginning of year	-	97,828	1,144,701
End of year	\$ -	\$ 97,870	\$ 1,150,789

Special Revenue Funds			
Public Financing Authority	ARPA Grant Fund	Illegal Dumping Resources Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 82,717	\$ 1,461,017
-	-	-	73,712
-	1,816,804	-	1,978,089
20,231	-	-	20,231
-	-	-	11,073
(28,166)	15,370	-	79,135
-	-	-	464
(7,935)	1,832,174	82,717	3,623,721
-	403,355	-	631,457
15,137	-	-	15,137
15,137	403,355	-	646,594
(23,072)	1,428,819	82,717	2,977,127
-	(1,413,449)	-	(2,286,351)
-	(1,413,449)	-	(2,286,351)
(23,072)	15,370	82,717	690,776
124,209	-	-	4,392,520
\$ 101,137	\$ 15,370	\$ 82,717	\$ 5,083,296

# City of Wasco

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

### Lighting & Landscape Fund

For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Taxes	\$ 168,184	\$ 168,184	\$ 177,731	\$ 9,547
Use of money and property	105	105	58	(47)
Miscellaneous	980	980	464	(516)
<b>Total revenues</b>	<b>169,269</b>	<b>169,269</b>	<b>178,253</b>	<b>8,984</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	\$ 200,383	\$ 200,383	\$ 180,045	\$ 20,338
<b>Total expenditures</b>	<b>200,383</b>	<b>200,383</b>	<b>180,045</b>	<b>20,338</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(31,114)	(31,114)	(1,792)	29,322
<b>Net change in fund balances</b>	<b>\$ (31,114)</b>	<b>\$ (31,114)</b>	<b>(1,792)</b>	<b>\$ 29,322</b>
<b>FUND BALANCES:</b>				
Beginning of year			23,333	
End of year			\$ 21,541	

# City of Wasco

## Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Emergency Response For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	-	-	-	-
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	-	-
<b>Net change in fund balances</b>	\$ -	\$ -	-	\$ -
<b>FUND BALANCES:</b>				
Beginning of year			1,567	
End of year			\$ 1,567	

# City of Wasco

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

### Sewer Lift Station Fund

For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Taxes	\$ 11,750	\$ 11,750	\$ 11,583	\$ (167)
Use of money and property	-	-	762	762
<b>Total revenues</b>	<b>11,750</b>	<b>11,750</b>	<b>12,345</b>	<b>595</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	\$ 7,250	\$ 7,250	\$ 6,837	\$ 413
<b>Total expenditures</b>	<b>7,250</b>	<b>7,250</b>	<b>6,837</b>	<b>413</b>
<b>Net change in fund balances</b>	<b>\$ 4,500</b>	<b>\$ 4,500</b>	<b>5,508</b>	<b>\$ 1,008</b>
<b>FUND BALANCES:</b>				
Beginning of year			206,120	
End of year			\$ 211,628	

# City of Wasco

## Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Community Facilities District For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 80,000	\$ 80,000	\$ 80,870	\$ 870
Use of money and property	-	-	87	87
<b>Total revenues</b>	<b>80,000</b>	<b>80,000</b>	<b>80,957</b>	<b>957</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	375	375	298	77
<b>Total expenditures</b>	<b>375</b>	<b>375</b>	<b>298</b>	<b>77</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>79,625</b>	<b>79,625</b>	<b>80,659</b>	<b>1,034</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(80,000)	(80,000)	(80,000)	-
<b>Total other financing sources (uses)</b>	<b>(80,000)</b>	<b>(80,000)</b>	<b>(80,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (375)</b>	<b>\$ (375)</b>	<b>659</b>	<b>\$ 1,034</b>
<b>FUND BALANCES:</b>				
Beginning of year			90,167	
End of year			<b>\$ 90,826</b>	



# City of Wasco

## Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Gas Tax Fund For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 1,092,030	\$ 1,092,030	\$ 1,108,116	\$ 16,086
Use of money and property	-	-	3,020	3,020
<b>Total revenues</b>	<u>1,092,030</u>	<u>1,092,030</u>	<u>1,111,136</u>	<u>19,106</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>1,092,030</u>	<u>1,092,030</u>	<u>1,111,136</u>	<u>19,106</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(1,121,635)	(1,121,635)	(596,926)	524,709
<b>Total other financing sources (uses)</b>	<u>(1,121,635)</u>	<u>(1,121,635)</u>	<u>(596,926)</u>	<u>524,709</u>
<b>Net change in fund balances</b>	<u>\$ (29,605)</u>	<u>\$ (29,605)</u>	<u>514,210</u>	<u>\$ 543,815</u>
<b>FUND BALANCES:</b>				
Beginning of year			409,638	
End of year			<u>\$ 923,848</u>	

# City of Wasco

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

### Traffic Safety Fund

For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Fines, forfeitures and assessments	\$ 20,000	\$ 20,000	\$ 11,073	\$ (8,927)
<b>Total revenues</b>	20,000	20,000	11,073	(8,927)
<b>EXPENDITURES:</b>				
Current:				
Public works	15,000	15,000	14,999	1
<b>Total expenditures</b>	15,000	15,000	14,999	1
<b>Net change in fund balances</b>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	(3,926)	<u>\$ (8,926)</u>
<b>FUND BALANCES:</b>				
Beginning of year			(3,361)	
End of year			<u>\$ (7,287)</u>	

# City of Wasco

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

### Traffic Impact Fund

For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Licenses and permits	\$ 95,000	\$ 95,000	\$ 73,712	\$ (21,288)
Use of money and property	-	-	9,975	9,975
<b>Total revenues</b>	<b>95,000</b>	<b>95,000</b>	<b>83,687</b>	<b>(11,313)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>95,000</b>	<b>95,000</b>	<b>83,687</b>	<b>(11,313)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(459,473)	(459,473)	-	459,473
<b>Total other financing sources (uses)</b>	<b>(459,473)</b>	<b>(459,473)</b>	<b>-</b>	<b>459,473</b>
<b>Net change in fund balances</b>	<b>\$ (364,473)</b>	<b>\$ (364,473)</b>	<b>83,687</b>	<b>\$ 448,160</b>
<b>FUND BALANCES:</b>				
Beginning of year			2,085,644	
End of year			<b>\$ 2,169,331</b>	

# City of Wasco

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

### COPS Grant Fund

For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 161,285	\$ 11,285
<b>Total revenues</b>	150,000	150,000	161,285	11,285
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	150,000	150,000	161,285	11,285
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(150,000)	(150,000)	(150,000)	-
<b>Total other financing sources (uses)</b>	(150,000)	(150,000)	(150,000)	-
Special item	-	-	-	-
<b>Net change in fund balances</b>	\$ -	\$ -	11,285	\$ 11,285
<b>FUND BALANCES:</b>				
Beginning of year			212,674	
End of year			\$ 223,959	

# City of Wasco

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

### 2004 CalHOME Grant Fund

For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 45,976	\$ 45,976
<b>Total revenues</b>	-	-	45,976	45,976
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	45,976	45,976
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(45,976)	(45,976)
<b>Total other financing sources (uses)</b>	-	-	(45,976)	(45,976)
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>FUND BALANCES:</b>				
Beginning of year			-	
End of year			<u>\$ -</u>	

# City of Wasco

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

### BEGIN Grant Reuse

For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 42	\$ 42
<b>Total revenues</b>	-	-	42	42
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	42	42
<b>Net change in fund balances</b>	\$ -	\$ -	42	\$ 42
<b>FUND BALANCES:</b>				
Beginning of year			97,828	
End of year			\$ 97,870	

# City of Wasco

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

### HOME Grant Reuse

For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 32,011	\$ 32,011
<b>Total revenues</b>	-	-	32,011	32,011
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	25,923	(25,923)
<b>Total expenditures</b>	-	-	25,923	(25,923)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	6,088	6,088
<b>Net change in fund balances</b>	\$ -	\$ -	6,088	\$ 6,088
<b>FUND BALANCES:</b>				
Beginning of year			1,144,701	
End of year			\$ 1,150,789	

# City of Wasco

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

### Public Financing Authority

### For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ 20,231	\$ 20,231
Use of money and property	-	-	(28,166)	(28,166)
<b>Total revenues</b>	-	-	(7,935)	(7,935)
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	15,137	(15,137)
<b>Total expenditures</b>	-	-	15,137	(15,137)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	(23,072)	7,202
<b>Net change in fund balances</b>	\$ -	\$ -	(23,072)	\$ 7,202
<b>FUND BALANCES:</b>				
Beginning of year			124,209	
End of year			\$ 101,137	



# City of Wasco

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

### ARPA Grant Fund

For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Intergovernmental	\$ 1,498,857	\$ 1,498,857	\$ 1,816,804	\$ 317,947
Use of money and property	-	-	15,370	15,370
<b>Total revenues</b>	<b>1,498,857</b>	<b>1,498,857</b>	<b>1,832,174</b>	<b>333,317</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	508,672	508,672	403,355	105,317
<b>Total expenditures</b>	<b>508,672</b>	<b>508,672</b>	<b>403,355</b>	<b>105,317</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>990,185</b>	<b>990,185</b>	<b>1,428,819</b>	<b>438,634</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(140,204)	(140,204)	(1,413,449)	(1,273,245)
<b>Total other financing sources (uses)</b>	<b>(140,204)</b>	<b>(140,204)</b>	<b>(1,413,449)</b>	<b>(1,273,245)</b>
<b>Net change in fund balances</b>	<b>\$ 849,981</b>	<b>\$ 849,981</b>	<b>15,370</b>	<b>\$ (834,611)</b>
<b>FUND BALANCES:</b>				
Beginning of year			-	
End of year			\$ 15,370	

# City of Wasco

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

### Illegal Dumping Resources Fund

For the year ended June 30, 2022

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ 82,717	\$ 82,717
<b>Total revenues</b>	-	-	82,717	82,717
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>Net change in fund balances</b>	\$ -	\$ -	82,717	\$ 82,717
<b>FUND BALANCES:</b>				
Beginning of year			-	
End of year			\$ 82,717	

# City of Wasco

## Measure X

Wasco, California

*Basic Financial Statements  
and Independent Auditors' Reports*

*For the year ended June 30, 2022*



City of Wasco, Measure X  
Table of Contents  
June 30, 2022

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	<u>Page</u>	
Independent Auditors’ Report.....	1	
 <b>Basic Financial Statements</b>		
Balance Sheet – Measure X.....	3	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Measure X.....	4	
Notes to Basic Financial Statements.....	5	
 <b>Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....</b>		<b>9</b>

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the Measure X of the City of Wasco, California (City) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's Measure X's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Measure X of the City as of June 30, 2022, 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.

#### ***Emphasis of Matter***

As discussed in Note 1, these financial statements present only Measure X and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2022, or the changes in its financial position for the year then ended, in conformity 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 Statement***

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 Measure X of the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of [Entity Name]'s internal control. Accordingly, no such opinion is expressed.<sup>5</sup>
- 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 [Entity Name]'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.



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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December XX, 2022, 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 to describe the scope of our testing of internal control over financial reporting and compliance relating to Measure X and the results of that testing, and not to provide an opinion on 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 relating to Measure X.

Badawi and Associates, CPAs  
Berkeley, California  
December XX, 2022

**City of Wasco Measure X**  
**Balance Sheet**  
**June 30, 2022**

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	<u>2022</u>
<b>ASSETS</b>	
Cash and investments	\$ 5,494,574
<b>Total assets</b>	<u>\$ 5,494,574</u>
<b>LIABILITIES</b>	
Accounts payable	\$ -
<b>Total current liabilities</b>	<u>-</u>
<b>FUND BALANCE</b>	
Restricted - Essencial city services	5,494,574
<b>Total fund balance</b>	<u>5,494,574</u>
<b>Total liabilities and fund balance</b>	<u>\$ 5,494,574</u>

See accompanying Notes to Basic Financial Statements.

**City of Wasco Measure X**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the fiscal year ended June 30, 2022**

	<u>2022</u>
<b>OPERATING REVENUES:</b>	
Measure X Sales Tax	\$ 3,333,089
<b>Total operating revenues</b>	<u>3,333,089</u>
<b>OPERATING EXPENSES:</b>	
Street and Road Construction and Maintenance:	
Road Rehabilitation - 16th Street	68
Palm Avenue Rehab	1,587
Palm Avenue Shoulder Paving	1,824
Street Lighting Post Top Concersion	65,792
Street Lighting Installation - Citywide	1,768
Street Maitenance of Effort	210,043
General and Administrative	11,310
Public Safety:	
Police Services	1,555,518
Fire Services	600,000
Neighborhood Camera Rebate Program	150
Legal CalPERS Public Safety UAL Payoff	402,480
Animal Control:	
Construct New Animal Shelter	<u>2,064</u>
<b>Total expenditures</b>	<u>2,852,604</u>
<b>Net Change in Fund Balance</b>	480,485
<b>FUND BALANCE:</b>	
Beginning of year	<u>5,014,089</u>
End of year	<u><u>\$ 5,494,574</u></u>

See accompanying Notes to Basic Financial Statements.

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# City of Wasco – Measure X

## Notes to Basic Financial Statements

### For the Year Ended June 30, 2022

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. *Reporting Entity*

**Measure X** – On November 8, 2016, Measure X was approved by the citizens of the City of Wasco. Measure X created an ordinance establishing a new 1% sales tax. This ordinance stipulated that the additional sales tax proceeds were to provide funding for basic City services which were defined as essential general services, including but not limited to police, fire, streets, parks and recreation as well as other general fund services.

The financial statements of Measure X of the City of Wasco (the "City") have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The following summary of the City's more significant accounting policies is presented to assist the reader in interpreting the basic financial statements and other data in this report.

The financial statements are intended to reflect the financial position, results of operation, and compliance of the City with the laws, rules, and regulations of Measure X. They do not present fairly the financial position and results of operations of the City in conformity with accounting principles generally accepted in the United States of America.

##### B. *Basis of Presentation*

###### **Fund Financial Statements**

The accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into one generic fund type and one broad fund category as follows:

###### **Governmental Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. Measure X is a Special Revenue Fund.

##### C. *Measurement Focus and Basis of Accounting*

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

# City of Wasco – Measure X

## Notes to Basic Financial Statements

### For the Year Ended June 30, 2022

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

##### *C. Measurement Focus and Basis of Accounting, Continued*

**Measurement Focus** – All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**Basis of Accounting** – In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Revenues which are susceptible to accrual include property taxes and special assessments that are levied for and due for the fiscal year and collected within 60 days after year-end. Licenses, permits, fines, forfeits, charges for services and miscellaneous revenues are recorded as governmental fund type revenues when received in cash because they are not generally measurable until actually received. Revenue from taxpayer assessed taxes, such as sales taxes, are recognized in the accounting period in which they became both measurable and available to finance expenditures of the fiscal period. Grant funds and reimbursements of expenses under contractual agreements are reported in governmental fund types and are recorded as a receivable when earned rather than when susceptible to accrual. Generally, this occurs when authorized expenditures are made under the grant program or contractual agreement. Expenditures are recognized when the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

##### *D. Cash and Investments*

Cash and investment balances of each of the City’s funds, except for funds required to be held by outside fiscal agents under the provisions of bond indentures, are pooled in order to take advantage of an effective investment strategy. Income earned from pooled investments is allocated to each of the funds based on average pooled cash balances during the year. Deficit cash balances are classified as due to other funds and funded by the General Fund or related operating fund.

##### *E. Receivables*

All trade and tax receivables are shown net of an allowance for uncollectible accounts and estimated refunds due.

# City of Wasco – Measure X

## Notes to Basic Financial Statements

### For the Year Ended June 30, 2022

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

##### *F. Fund Balance - Governmental Funds*

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

**Nonspendable** – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – Amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

**Committed** – Amounts that are obligated to a specific purpose which are internally imposed by the government through formal action (Ordinances and Resolutions) at the highest level of decision making authority (City Council). These commitments can only be overturned by a like action.

**Assigned** – Amounts that are intended to be used for specific purposes that are considered neither restricted nor committed. Undesignated excess Fund Balances may be assigned by the City Council, City Manager, or Finance Director for specific purposes through the budget process or agenda items. The assigned designation may be reversed by the City Council at any public meeting.

**Unassigned** – Residual positive fund balances within the General Fund, which have not been classified within the other above mentioned categories. Unassigned Fund Balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When expenditures are incurred for purposes for which all restricted, committed, assigned, and unassigned fund balances are available, the City's policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance: Restricted, Committed, Assigned, and Unassigned.

##### *G. 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/expenses during the reporting period. Actual results could differ from those estimates.

**City of Wasco – Measure X**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2022**

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**2. CASH AND INVESTMENTS**

Cash balances of the City's Measure X are pooled with those of other funds and invested by the City to maximize investment opportunities and yields. Income earned from pooled investments is allocated to each of the funds based on average pooled cash balances during the year. Deficit cash balances are classified as due to other funds and funded by the General Fund or related operating fund. Further information regarding the City's cash and cash equivalents pool may be found in the City's financial statements.

Cash and investments of the Measure X at June 30, 2022 consisted of the following:

Cash in the City of Wasco pooled cash	<u>\$5,494,574</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 Members of the city Council  
of the City of Wasco  
Wasco, 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 Measure X of the City of Wasco, (City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's Measure X's basic financial statements and have issued our report thereon dated **December XX, 2022.**

**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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 Wasco  
Wasco, California  
Page 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Measure X 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, CPA's  
Berkeley, California  
December XX, 2022