21900 Colorado Avenue, P.O. Box 758, San Joaquin, CA 93660
(559) 693-4311, (559) 693-2193 (fax), www.cityofsanjoaquin.org

NOTICE AND CALL OF SPECIAL MEETING AND AGENDA
CITY OF SAN JOAQUIN CITY COUNCIL

Notice is hereby given that the City Council of the City of San Joaquin will hold a special meeting beginning at **6:00 PM.** on **Thursday, March 26, 2026**, at the **San Joaquin Council Chambers, 21991 Colorado, (Ste. A), San Joaquin, CA 93660**.

MEMBERS OF THE PUBLIC MAY ATTEND THIS MEETING OR PARTICIPATE IN THE MEETING BY ZOOM, SUBMITTING WRITTEN COMMENTS AT CITY HALL, OR BY EMAIL PRIOR TO THE MEETING AT alondrab@cityofsanjoaquin.org.

ZOOM INFORMATION:
https://us02web.zoom.us/j/83254710015?pwd=1veGsDhdLbHxdt03ZbFIvQJKFLrYx4.1
MEETING ID: 832 5471 0015
PASSCODE: 846161
TELEPHONE NUMBER: 1-669-444-9171

The City Council welcomes you. All attendees are advised that pagers, cell phones, and any other communication devices should be powered off upon entering the Council meeting and to silence their devices until they speak.

The Council may consider and act on an agenda item in any order it deems appropriate. Actual timed items may be heard later but not before the time set on agenda. Persons interested in an item listed on the agenda are advised to be present throughout the meeting to ensure their presence when the items are called.

For each agenda item considered by the Council there will first be a staff presentation followed by a presentation from the involved individuals. Public comments from those in attendance will then be taken. All comments will be limited to three minutes per person.

LEVINE ACT CONTRIBUTION PROHIBITIONS AND MANDATORY DISCLOSURE. The Political Reform Act in Govt Code Section 84308 restricts campaign contributions over $500 to a decision-making public official from a party or participant or their agent in a proceeding involving a contract, license, permit or entitlement for use. The Act requires disclosure of the contribution and recusal where a decision-maker has received $500 or more from a party or participant to a proceeding in the prior 12 months.

A Council Member's disclosure should be made when the agenda item is called and must include the name of the party, participant, or agent, and any other person making the contribution, the name of the recipient, the amount of the contribution, and the date the contribution was made.

CONFLICT OF INTEREST DISCLOSURES AND RECUSAL. City Council Members with a conflict of interest under the Political Reform Act are required to make disclosure when the item is called and recuse themselves.

1. **CALL TO ORDER - PLEDGE OF ALLEGIANCE – ROLL CALL**

Adam Flores-Cornejo	Mayor
Martha Mejia	Mayor Pro Tem
Cristina Covarrubia	Councilmember
Abel Lua	Councilmember
Rosa M. Ramirez	Councilmember

2. **APPROVAL OF AGENDA**

3. **PUBLIC COMMENTS ON THIS AGENDA.** The sole business to be conducted is listed below. Members of the public will have an opportunity to address the City Council on the item(s) listed on this agenda.

4. **NEW BUSINESS**

   A. **SUBJECT:** Council review of the FY 2022-2023 Audit Report, Financial Statements, and the Single Audit Report.

   RECOMMENDATION: Council review and accept the Audit, Financial Statements and Single Audit Report for FY 2022-2023. (*Enclosure P. 1, Action Item)*

   B. **SUBJECT:** Council consideration of designating the March 31, 2026, holiday for employees as "Farmworkers Day".

   RECOMMENDATION: Council adopt Resolution No. 2026-09 to designate the March 31, 2026, holiday for city employees as "Farmworkers Day". (*Enclosure P. 77, Action Item)*

   C. **SUBJECT:** Council consideration for approving the commitment and use of funds from the well enterprise fund towards the Drinking Water Well #4 Project.

   RECOMMENDATION: Council adopt Resolution No. 2026-10 approving the commitment and use of funds from the water enterprise fund towards the Drinking Water Well #4 Project. (*Enclosure P. 79, Action Item)*

5. **ADJOURN MEETING –**

NOTICE OF ADA COMPLIANCE: If you or anyone in your party needs reasonable accommodations to attend, or participate in, any City Council Meeting, please make arrangements by contacting the City Clerk's Office at City Hall 24 hours prior to the meeting Who can be reached by calling 693-4311 or by mail at P.O. Box 758, San Joaquin, CA 93660.

NOTICE OF AVAILABILITY OF AGENDA MATERIALS: Any writings or documents provided to a majority of the City Council regarding any items on this agenda will be made available for public inspection at the City Clerk's Office located at City Hall 21900 Colorado Avenue during normal business hours.

CERTIFICATION OF POSTING

I, **Alondra Bautista**, City Clerk of the City of San Joaquin, do hereby declare that the foregoing agenda for the San Joaquin City Council Special Meeting of Thursday, March 26, 2026 was posted at the following locations: City Hall, 21900 Colorado Avenue, San Joaquin Senior Center, 21991 Colorado Ave. (B) and US Post Office, 8667 Ninth Street, on Wednesday, March 25, 2026 by 5:00 p.m.

****NEXT REGULAR COUNCIL MEETING WILL BE HELD APRIL 7, 2026****

CITY OF SAN JOAQUIN

MANAGEMENT REPORT

FOR THE YEAR ENDED JUNE 30, 2023

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Bryant L. Jolley C.P.A.
Ryan P. Jolley C.P.A.
Darryl L. Smith C.P.A.
Luis A. Perez C.P.A.
Lan T. Kimoto

To the Honorable Mayor and City Council
City of San Joaquin, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Joaquin for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 30, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- Management has determined the economic useful lives of fixed assets based on past history of similar types of assets, future plans as to their use, and other factors that impact their economic value to the City. We evaluated the key factors and assumptions used by management in computing depreciation expense and believe that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the net pension liability and related deferrals is based on actuarial valuations which include significant assumptions regarding discount rate, inflation, payroll growth, projected salary increases and investment rate of return. We evaluated the key factors and assumptions used to develop the liability and related deferrals in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the allowance for doubtful accounts is based on an evaluation of collectability primarily focused on past due accounts. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 24, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to City of San Joaquin's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as City of San Joaquin's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

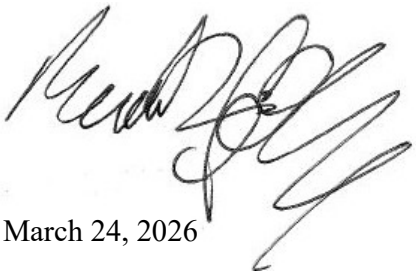
Other Matters

We applied certain limited procedures to the Budgetary Comparison Schedules, Proportionate Share of Net Pension Liability, and Schedule of Contributions which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, as listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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



March 24, 2026

CITY OF SAN JOAQUIN

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
JUNE 30, 2023

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BRYANT L. JOLLEY
CERTIFIED PUBLIC ACCOUNTANTS

Bryant L. Jolley C.P.A.
Ryan P. Jolley C.P.A.
Darryl L. Smith C.P.A.
Luis A. Perez C.P.A.
Lan T. Kimoto

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of San Joaquin, 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 San Joaquin, California, (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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

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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 40 – 42, the Schedule of the City's Proportionate Share of Net Pension Liability and the Schedule of Contributions on pages 43 – 44, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical

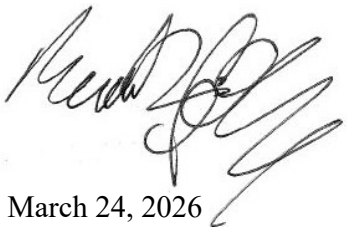
context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 March 24, 2026, on our consideration of the City of San Joaquin'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 City of San Joaquin's internal control over financial reporting and compliance.



March 24, 2026

CITY OF SAN JOAQUIN

STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 5,389,251	$ 293,916	$ 5,683,167
Accounts receivable	-	252,676	252,676
Interest receivable	3,836	1,178	5,014
Due from other governments	1,898,458	822,833	2,721,291
Internal balances	135,215	(135,215)	-
Notes receivable	1,706,746	-	1,706,746
Capital assets (net of allowance for depreciation)	2,112,563	14,771,856	16,884,419
Total assets	11,246,069	16,007,244	27,253,313
DEFERRED OUTFLOWS OF RESOURCES	299,413	298,456	597,869
LIABILITIES			
Accounts payable and accrued expenses	283,013	592,247	875,260
Deposits	-	106,014	106,014
Long-term liabilities			
Due within one year	-	5,100	5,100
Due in more than one year	-	262,400	262,400
Net pension liability	682,694	680,513	1,363,207
Compensated absences	16,101	22,276	38,377
Total liabilities	981,808	1,668,550	2,650,358
DEFERRED INFLOWS OF RESOURCES	49,755	49,596	99,351
NET POSITION			
Net investment in capital assets	2,112,563	14,504,356	16,616,919
Restricted for capital projects	-	175,924	175,924
Restricted for specific projects and programs	5,692,219	-	5,692,219
Unrestricted	2,709,137	(92,726)	2,616,411
Total net position	$ 10,513,919	$ 14,587,554	$ 25,101,473

See accompanying notes.

CITY OF SAN JOAQUIN

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Functions/Programs	Expense	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net Revenue/(Expense) and Changes in Net Position: Primary Government: Governmental Activities	Net Revenue/(Expense) and Changes in Net Position: Primary Government: Business-Type Activities	Net Revenue/(Expense) and Changes in Net Position: Primary Government: Total
Primary Government							
Governmental activities							
General government	$ 321,194	$ -	$ 47	$ -	$ (321,147)	$ -	$ (321,147)
Public safety	824,085	504	314,100	-	(509,481)	-	(509,481)
Public works	612,893	-	492,202	655,287	534,596	-	534,596
Parks and recreation	367,869	-	103,966	-	(263,903)	-	(263,903)
Community development	845,404	36,036	34,248	-	(775,120)	-	(775,120)
Total governmental activities	2,971,445	36,540	944,563	655,287	(1,335,055)	-	(1,335,055)
Business-type activities							
Water	732,765	697,433	-	596,744	-	561,412	561,412
Sewer	877,703	543,896	-	-	-	(333,807)	(333,807)
Disposal	272,967	239,212	-	-	-	(33,755)	(33,755)
Total business-type activities	1,883,435	1,480,541	-	596,744	-	193,850	193,850
Total primary government	$ 4,854,880	$ 1,517,081	$ 944,563	$ 1,252,031	(1,335,055)	193,850	(1,141,205)
General Revenue							
Property taxes, levied for general purposes					442,542	-	442,542
Business licenses					15,984	-	15,984
Sales taxes					313,518	-	313,518
Franchise and other taxes					46,467	-	46,467
Interest and rent					51,379	8,058	59,437
Other					76,857	160	77,017
Transfers					12,234	(12,234)	-
Total general revenue					958,981	(4,016)	954,965
Change in Net Position					(376,074)	189,834	(186,240)
Net Position							
Beginning of year					10,889,993	14,397,720	25,287,713
End of year					$ 10,513,919	$ 14,587,554	$ 25,101,473

See accompanying notes.

CITY OF SAN JOAQUIN

BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Special Revenue Funds: Public Safety Grant	Special Revenue Funds: Housing Assistance	Special Revenue Funds: Measure C	Special Revenue Funds: American Rescue Plan	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	$ 302,326	$ 1,524,904	$ 695,350	$ 1,257,825	$ 737,068	$ 871,778	$ 5,389,251
Interest receivable	387	1,182	541	967	-	759	3,836
Due from other governments	828,387	-	5,074	36,493	-	1,028,504	1,898,458
Due from other funds	375,387	-	-	-	-	-	375,387
Notes receivable	-	-	1,706,746	-	-	-	1,706,746
Total assets	$ 1,506,487	$ 1,526,086	$ 2,407,711	$ 1,295,285	$ 737,068	$ 1,901,041	$ 9,373,678
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
Liabilities							
Accounts payable and accrued expenses	$ 43,814	$ 30,734	$ -	$ 12,240	$ 11,686	$ 184,539	$ 283,013
Due to other funds	-	-	-	-	-	220,172	220,172
Advance from other funds	20,000	-	-	-	-	-	20,000
Total liabilities	63,814	30,734	-	12,240	11,686	404,711	523,185
Deferred inflows of resources							
Unavailable revenues	764,072	-	1,711,820	-	-	327,288	2,803,180
Total deferred inflows of resources	764,072	-	1,711,820	-	-	327,288	2,803,180
Fund Balance							
Restricted							
Low-income housing activities	-	-	695,891	-	-	64,156	760,047
Public safety programs	-	1,495,352	-	-	-	76,368	1,571,720
Circulation improvements	-	-	-	1,283,045	-	1,139,072	2,422,117
Capital improvement projects	-	-	-	-	725,382	54,925	780,307
Landscape maintenance	-	-	-	-	-	158,028	158,028
Unassigned	678,601	-	-	-	-	(323,507)	355,094
Total fund balance	678,601	1,495,352	695,891	1,283,045	725,382	1,169,042	6,047,313
Total liabilities, deferred inflows of resources and fund balance	$ 1,506,487	$ 1,526,086	$ 2,407,711	$ 1,295,285	$ 737,068	$ 1,901,041	$ 9,373,678

See accompanying notes.

CITY OF SAN JOAQUIN

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

Total governmental fund balances	$	6,047,313
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		2,112,563
Net pension liability applicable to governmental activities are not due and payable in the current period and accordingly is not reported in the Statement of Activities		(682,694)
Deferred outflows of resources related to net pension liability, represent an consumption of net position or fund balance that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until that time		299,413
Deferred inflows of resources related to net pension liability, represent an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time		(49,755)
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the fund		2,803,180
Compensated absences are not due and payable in the current period and therefore are not reported in the funds		(16,101)
Net position of governmental activities	$	10,513,919

See accompanying notes.

CITY OF SAN JOAQUIN

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

		Special Revenue Funds				Other	Total
	General	Public Safety Grant	Housing Assistance	Measure C	American Rescue Plan	Governmental Funds	Governmental Funds
Revenue							
Taxes	$ 822,730	$ -	$ -	$ -	$ -	$ 29,282	$ 852,012
Intergovernmental	47	-	2,988	218,696	480,954	738,916	1,441,601
Licenses, permits and impact fees	36,076	-	-	-	-	-	36,076
Fines and forfeitures	464	-	-	-	-	-	464
Interest and rent	25,038	8,437	2,983	6,384	3,321	5,139	51,302
Loan repayments	44,668	-	38,471	-	-	-	83,139
Other	43,201	141	-	-	-	-	43,342
Total revenue	972,224	8,578	44,442	225,080	484,275	773,337	2,507,936
Expenditures							
Current							
General government	397,706	-	-	-	-	-	397,706
Public safety	118,296	482,186	-	-	-	228,091	828,573
Public works	25,619	-	-	110,137	-	506,468	642,224
Parks and recreation	186,244	-	-	-	-	100,185	286,429
Community development	209,690	-	6,568	-	99,330	91,000	406,588
Capital outlay	16,069	-	-	-	-	-	16,069
Debt service							
Principal	135,000	-	-	-	-	-	135,000
Interest and other charges	7,174	-	-	-	-	-	7,174
Total expenditures	1,095,798	482,186	6,568	110,137	99,330	925,744	2,719,763
Revenue over/(under) expenditures	(123,574)	(473,608)	37,874	114,943	384,945	(152,407)	(211,827)
Other Financing Sources/(Uses)							
Transfers in/(out)	161,179	-	-	(5,028)	(22,945)	(120,972)	12,234
	161,179	-	-	(5,028)	(22,945)	(120,972)	12,234
Change in Fund Balance	37,605	(473,608)	37,874	109,915	362,000	(273,379)	(199,593)
Fund Balance							
Beginning of year	640,996	1,968,960	658,017	1,173,130	363,382	1,442,421	6,246,906
End of year	$ 678,601	$ 1,495,352	$ 695,891	$ 1,283,045	$ 725,382	$ 1,169,042	$ 6,047,313

See accompanying notes.

CITY OF SAN JOAQUIN

RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net change in fund balance - total governmental funds	$	(199,593)
Amounts reported for governmental activities in the statement of activities are different because:		
Depreciation expense on capital assets is reported in the Statement of Activities, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds		(179,274)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities and Changes in Net Position the cost of those assets are capitalized as an asset and depreciated over the period of service		16,069
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		(301,356)
Compensated absences costs in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds		7,422
Pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in the Governmental Funds		137,841
In the Statement of Activities interest is accrued on long-term debt, whereas, in governmental funds interest expenditure is reported when due		7,817
Repayment of long-term debt is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Proceeds of long-term debt produces an opposite effect.		135,000
Change in net position of governmental activities	$	(376,074)

See accompanying notes.

CITY OF SAN JOAQUIN

STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Disposal	Total Business-Type Funds
ASSETS				
Current assets				
Cash and investments	$ 293,916	$ -	$ -	$ 293,916
Accounts receivable	125,011	78,896	48,769	252,676
Interest receivable	507	-	671	1,178
Due from other governments	822,833	-	-	822,833
Advance to other funds	20,000	-	-	20,000
Total current assets	1,262,267	78,896	49,440	1,390,603
Non-current assets				
Property, plant and equipment (net of allowance for depreciation)	5,733,387	9,038,469	-	14,771,856
Total noncurrent assets	5,733,387	9,038,469	-	14,771,856
Total assets	6,995,654	9,117,365	49,440	16,162,459
DEFERRED OUTFLOWS OF RESOURCES	151,978	138,048	8,430	298,456
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	494,033	58,459	39,755	592,247
Deposits	106,014	-	-	106,014
Due to other funds	-	126,863	28,352	155,215
Current portion of long-term debt	-	4,400	-	4,400
Total current liabilities	600,047	189,722	68,107	857,876
Non-current liabilities				
Long-term debt	-	263,100	-	263,100
Net pension liability	346,527	314,765	19,221	680,513
Compensated absences	10,420	10,636	1,220	22,276
Total noncurrent liabilities	356,947	588,501	20,441	965,889
Total liabilities	956,994	778,223	88,548	1,823,765
DEFERRED INFLOWS OF RESOURCES	25,255	22,940	1,401	49,596
NET POSITION				
Net investment in capital assets	5,733,387	8,770,969	-	14,504,356
Restricted for capital projects	175,924	-	-	175,924
Unrestricted/(deficit)	256,072	(316,719)	(32,079)	(92,726)
Total net position	$ 6,165,383	$ 8,454,250	$ (32,079)	$ 14,587,554

See accompanying notes.

CITY OF SAN JOAQUIN

STATEMENT OF REVENUE, EXPENSE, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Disposal	Total Business-Type Funds
Operating Revenue				
Charges for services	$ 697,433	$ 543,896	$ 239,212	$ 1,480,541
Total operating revenue	697,433	543,896	239,212	1,480,541
Operating Expense				
Contractual services and utilities	240,099	215,728	243,144	698,971
Personnel	247,623	268,732	22,311	538,666
Supplies and materials	168,826	61,607	7,512	237,945
Depreciation	76,217	319,723	-	395,940
Total operating expense	732,765	865,790	272,967	1,871,522
Operating income/(loss)	(35,332)	(321,894)	(33,755)	(390,981)
Nonoperating Revenue/(Expense)				
Interest income	3,747	4	4,467	8,218
Interest expense	-	(11,913)	-	(11,913)
Total nonoperating revenue/(expense)	3,747	(11,909)	4,467	(3,695)
Net income/(loss) before transfers	(31,585)	(333,803)	(29,288)	(394,676)
Operating Transfers In/(Out)	-	-	(12,234)	(12,234)
Income (Loss) before Contributions and Transfers	(31,585)	(333,803)	(41,522)	(406,910)
Capital Contributions	596,744	-	-	596,744
Net Income/(Loss)	565,159	(333,803)	(41,522)	189,834
Net Position				
Beginning of year	5,600,224	8,788,053	9,443	14,397,720
End of year	$ 6,165,383	$ 8,454,250	$ (32,079)	$ 14,587,554

See accompanying notes.

CITY OF SAN JOAQUIN

STATEMENT OF CASH FLOW - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Disposal	Total Business-Type Funds
Operating Activities				
Receipts from customers and users	$ 629,226	$ 513,827	$ 224,379	$ 1,367,432
Payments for contractual services and utilities	13,519	(213,746)	(224,164)	(424,391)
Payments to employees	(320,115)	(334,402)	(25,601)	(680,118)
Payments to suppliers	(168,826)	(61,607)	(7,512)	(237,945)
Net cash provided by (used in) operating activities	153,804	(95,928)	(32,898)	24,978
Non-capital Financial Activities				
Payments received from (paid to) other funds	20,000	126,863	16,118	162,981
Net cash provided by (used in) noncapital financing activities	20,000	126,863	16,118	162,981
Capital and Related Financing Activities				
Capital grants	169,375	-	-	169,375
Purchase of property, plant and equipment	(613,140)	(16,069)	-	(629,209)
Principal paid on long-term debt	-	(4,800)	-	(4,800)
Interest paid on long-term debt	-	(11,913)	-	(11,913)
Net cash provided by (used in) capital and related financing activities	(443,765)	(32,782)	-	(476,547)
Investing Activities				
Interest received	3,307	8	3,842	7,157
Net cash provided by (used in) investing activities	3,307	8	3,842	7,157
Net Increase (Decrease) in Cash and Investments	(266,654)	(1,839)	(12,938)	(281,431)
Cash and Investments				
Beginning of year	560,570	1,839	12,938	575,347
End of year	$ 293,916	$ -	$ -	$ 293,916

See accompanying notes.

CITY OF SAN JOAQUIN

STATEMENT OF CASH FLOW - PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Disposal	Total Business-Type Funds
Cash Flows from Operating Activities				
Operating income (loss)	$ (35,332)	$ (321,894)	$ (33,755)	$ (390,981)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	76,217	319,723	-	395,940
(Increase) Decrease in Accounts Receivable	(62,968)	(35,012)	(14,833)	(112,813)
(Increase) Decrease in Due from other Governments	-	4,943	-	4,943
(Increase) Decrease in Deferred Outflows of Resources	(87,068)	(79,088)	(4,830)	(170,986)
Increase (Decrease) in Compensated absences	(2,526)	(2,117)	592	(4,051)
Increase (Decrease) in Net Pension Liability	163,021	148,079	9,042	320,142
Increase (Decrease) in Deferred Inflows of Resources	(145,919)	(132,544)	(8,094)	(286,557)
Increase (Decrease) in Deposits	(5,239)	-	-	(5,239)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	253,618	1,982	18,980	274,580
Net Cash Provided (Used) by Operating Activities	$ 153,804	$ (95,928)	$ (32,898)	$ 24,978

See accompanying notes.

CITY OF SAN JOAQUIN

STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUND – SUCCESSOR AGENCY
JUNE 30, 2023

Assets	
Cash and investments	
Held in City Treasury	$ -
Total assets	-
Liabilities	
Cash overdraft held in City Treasury	18,674
Long-term debt	
Due to City of San Joaquin in more than one year	764,072
Total liabilities	782,746
Net Position	
Held in trust for other governments	$ (782,746)

See accompanying notes.

CITY OF SAN JOAQUIN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUND – SUCCESSOR AGENCY
JUNE 30, 2023

Additions	
Property taxes	$ 25,994
Total additions	25,994
Deductions	
Administrative costs	-
Total deductions	-
Change In Net Position	25,994
Net Position	
Beginning of year	(808,740)
End of year	$ (782,746)

See accompanying notes.

Note 1 – Summary of Significant Accounting Policies

The financial statements of the City of San Joaquin (the City) have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

These financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and data from these units is combined with data of the primary government. Each blended component unit has a June 30 fiscal year end. There are no discretely presented component units included in these financial statements. The following sections further describe the significant accounting policies of the City.

Reporting Entity

The City of San Joaquin, State of California (the "City"), was incorporated February 14, 1920. The City operates under a Council-Manager form of government. The City's major operations include public safety; highways and streets; water, sewer and refuse collection; parks and recreation; building inspection; public improvements; planning and zoning, and general administrative services.

Basis of Presentation – Fund Accounting

Government-Wide Financial Statements - The Government-Wide Financial Statements (the Statement of Net Position and the Statement of Activities and Changes in Net Position) report information of all of the nonfiduciary activities of the primary government and its component units. For the most part, eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City and between the City and its discretely presented component unit. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely significantly on fees charged to external parties.

The Statement of Activities and Changes in Net Position presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Net position are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted Net position. When both restricted and unrestricted resources are available for use, generally, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Note 1 – Summary of Significant Accounting Policies (Continued)

Governmental Fund Financial Statements - The Governmental Fund Financial Statements provide information about the City's funds, including fiduciary funds and the blended component unit. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are separately aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used for all financial resources except those required legally, or by sound financial management to be accounted for in another fund. Generally, the General Fund is used to account for those traditional governmental services of the City, such as police and fire protection, planning and general administrative services.

Public Safety Grant Fund – The Public Safety Grant Fund was established to account for the monies received for public safety services.

Housing Assistance Fund – The Housing Assistance Fund was established to account for the monies received from various sources which are to be used for down payment loans for home buyers that meet certain requirements.

Measure C Fund – The Measure C Fund was established to account for the monies received from the County of Fresno for street maintenance and projects.

American Rescue Plan Fund – The American Rescue Plan Fund was established to account for the monies received from the State of California for covid related costs and capital improvements.

The City reports the following additional fund types:

Private-Purpose Trust Funds – The Private-Purpose Trust Fund accounts for assets held by the City as trustee for the Successor Agency.

Basis of Accounting

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

Note 1 – Summary of Significant Accounting Policies (Continued)

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating.

Financial Statement Amounts

Cash and Investments – Cash and investments represent the City's cash bank accounts including but not limited to certificates of deposit, money market funds and cash management pools for reporting purposes in the Statement of Cash Flows. Additionally, investments with maturities of three months or less when purchased are included as cash equivalents in the Statement of Cash Flows.

The City maintains a cash and investment pool that is available for use by all funds. Interest earnings as a result of this pooling are distributed to the appropriate funds based on month end cash balances in each fund.

Investments of the pool include only those investments authorized by the California Government Code such as, United States Treasury securities, agencies guaranteed by the United States Government, registered state warrants, and other investments. Investments primarily consist of deposits in the State of California Local Agency Investment Fund. Investments are stated at approximate fair value.

Accounts Receivable – Billed but unpaid services provided to individuals or non-governmental entities are recorded as accounts receivable. The Proprietary Funds include a year-end accrual for services through June 30, 2023, which have not yet been billed.

Note 1 – Summary of Significant Accounting Policies (Continued)

Fresno County is responsible for the assessment, collection and apportionment of property taxes for all taxing jurisdictions. Property taxes are levied in equal installments on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. The lien date is March 1 of each year. Property taxes are accounted for in the General Fund. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The City considers property taxes as available if they are collected within 60 days after year end. Property tax on the unsecured roll are due on the March 1 lien date and become delinquent if unpaid on August 31. However, unsecured property taxes are not susceptible to year end accrual.

The City is permitted by Article XIIIA of the State of California Constitution (known as Proposition 13) to levy a maximum tax of $1.00 per $100 of full cash value.

Interfund Receivables/Payables – Items classified as interfund receivable/payable represent short-term lending/borrowing transactions between funds. This classification also includes the current portion of an advance to or from another fund.

Advances To/From Other Funds – This classification represents non-current portions of any long-term lending/borrowing transactions between funds. This amount will be equally offset by a reserve of fund balance which indicates that it does not represent available financial resources and therefore, is not available for appropriation. The current portion of any interfund long-term loan (advance) is included as an interfund receivable/payable.

Capital Assets - Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the Government-Wide Financial Statements to the extent the City's capitalization threshold are met.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the Government-Wide Financial Statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful 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 estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Note 1 – Summary of Significant Accounting Policies (Continued)

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:

	Years
Buildings	40
Improvements other than buildings	40
Utility plant	40
Furniture and equipment	7
Automobiles and trucks	5

Compensated Absences – It is the City's policy to permit all employees to accumulate earned but unused vacation, sick leave and compensatory time benefits. Those employees on shift work schedules may also accumulate hours for holiday time benefits.

Vested or accumulated vacation, holiday, sick leave and any compensation time on the Governmental Funds are not expected to be paid with expendable available financial resources and are reported in the Government-Wide Financial Statements.

Vested leave of Proprietary Funds are recorded as an expense and liability as the benefits accrue.

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. Debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, however, debt principal payments of Governmental Funds are recognized as expenditures when paid. Governmental Fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Non-Current Governmental Assets/Liabilities - GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the Government-Wide Statement of Net Position.

Pension – For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employee Retirement System (CalPERS) plan and additions to/deduction 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.

Note 1 – Summary of Significant Accounting Policies (Continued)

Net Position/Fund Balance – The government-wide and business-type activities fund financial statements utilize a net position presentation. Net positions are categorized as net investment in capital assets, restricted and unrestricted.

- 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 on net position imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

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

Fund Balance – In the fund financial statements, governmental fund balance is made up of the following components:

- Nonspendable fund balance typically includes inventories, prepaid items, and other items that must be maintained intact pursuant to legal or contractual requirements, such as endowments.

- Restricted fund balance category includes amounts that can be spent only for specific purposes imposed by creditors, grantors, contributors, or laws or regulations of other governments or through enabling legislations.

- Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council. The City Council has the authority to establish, modify, or rescind a fund balance commitment.

- Assigned fund balance are amounts designated by the City Council for specific purposes and do not meet the criteria to be classified as restricted or committed.

- Unassigned fund balance is the residual classification that includes all spendable amounts in the General Fund not contained in other classifications.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to apply restricted first. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

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.

Note 2 – Stewardship, Compliance and Accountability

California law authorizes the City to invest in obligations of the United States Treasury, agencies and instrumentalities, certificates of deposit or time deposits in banks and savings and loan associations which are insured by the Federal Deposit Insurance Corporation.

In accordance with applicable sections of the California Government Code and the San Joaquin Municipal Code, the City prepares and legally adopts an annual balanced budget on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund, specific Special Revenue Funds, and specific Capital Projects Funds. Budget plans are adopted for Proprietary Funds. A proposed budget is presented to the City Council during June of each year for review. The Council holds public hearings and may add to, subtract from, or change appropriations within the revenues and reserves estimated as available. Expenditures may not legally exceed budgeted appropriations at the fund level. Supplementary appropriations which alter the total expenditures of any fund, or expenditures in excess of total budgeted fund appropriations, must be approved by the City Council.

All annual appropriations lapse at fiscal year end to the extent they have not been expended or encumbered.

Note 3 – 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. Interest income earned on pooled cash is allocated to the various funds on average cash balances. Interest income from cash investments held with fiscal agents is credited directly to the related funds.

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

Statement of Net Position:	
Cash and Investments	$ 5,683,167
Fiduciary Funds:	
Cash and Investments	(18,674)
Total Cash and Investments	$ 5,664,493

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

Cash on hand	$ 1,280
Deposits with Financial Institutions	5,024,108
Local Agency Investment Fund	638,786
Held by Fiscal Agent:	
Cash	319
Total Cash and Investments	$ 5,664,493

Note 3 – Cash and Investments (Continued)

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2: Inputs to valuation methodology include inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

LAIF is valued based on the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (Level 2 input).

Note 3 – Cash and Investments (Continued)

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Note 3 – Cash and Investments (Continued)

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	None	None	None
Certificates of Deposits	1 year	None	None
Repurchase Agreements	30 days	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Municipal Bonds	None	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2023 the City had the following investments.

Investment Type		Maturity Date
Local Agency Investment Fund	$ 638,786	N/A
Total	$ 638,786	

Note 3 – Cash and Investments (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type		Minimum Legal Rating	Rating as of Year End Not Rated
Local Agency Investment Fund	$ 638,786	N/A	$ 638,786
Total	$ 638,786		$ 638,786

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total City investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by 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 City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Note 3 – Cash and Investments (Continued)

The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. 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).

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Note 4 – Notes Receivables

The City is the recipient of Community Development Block Grant and Home Program Funds. The funds are provided to use for housing and business loans to qualified recipients at various below market interest rates ranging from 0 to 4%. The terms of the loans range between fifteen and thirty years. All loans are secured by deeds of trust. The amount outstanding as of June 30, 2023 is $1,706,746.

Note 5 – Interfund Receivables and Payables/Advances To and From

Interfund receivables and payables consist of short-term loans resulting from regular transactions. These loans are expected to be repaid as soon as the borrowing fund has cash, and carry an interest rate equal to the rate earned on pooled cash.

Individual fund interfund receivables and payables balances as of June 30, 2023 are as follows:

	Due From	Due To
Major Governmental Funds:		
General Fund	$ 375,387	$ -
Major Enterprise Funds:		
Sewer Fund	-	126,863
Disposal Fund	-	28,352
Nonmajor Governmental Funds:		
Streets Fund	-	57,264
CDBG Gang Prevention Grant Fund	-	105,388
Rural Energy Program Grant Fund	-	3,024
Local Early Action Planning Grant	-	26,075
COVID	-	28,421
	$ 375,387	$ 375,387

Note 5 – Interfund Receivables and Payables/Advances To and From (continued)

In November 2018, the City Council approved an advance from the Water Fund to the General Fund of $100,000 at 2% interest to be repaid back in 5 annual payments, with a maturity date of July 1, 2023.

	Advance To	Advance From
General Fund	$ 20,000	$ -
Water Fund	-	20,000
	$ 20,000	$ 20,000

Note 6 – Capital Assets

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

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
Governmental Activities				
Capital assets, not being depreciated				
Land	$ 340,670	$ -	$ -	$ 340,670
Total capital assets, not being depreciated	340,670	-	-	340,670
Capital assets, being depreciated				
Buildings and improvements	2,712,521	-	-	2,712,521
Infrastructure	1,234,302	-	-	1,234,302
Machinery and equipment	1,298,003	16,069	-	1,314,072
Total capital assets, being depreciated	5,244,826	16,069	-	5,260,895
Less accumulated depreciation for:				
Buildings and improvements	(1,782,156)	(105,640)	-	(1,887,796)
Infrastructure	(377,847)	(30,401)	-	(408,248)
Machinery and equipment	(1,149,725)	(43,233)	-	(1,192,958)
Total accumulated depreciation	(3,309,728)	(179,274)	-	(3,489,002)
Total capital assets, being depreciated, net	1,935,098	(163,205)	-	1,771,893
Governmental activities capital assets, net	$ 2,275,768	$ (163,205)	$ -	$ 2,112,563

Note 6 – Capital Assets (Continued)

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023
Business-Type Activities				
Capital assets, not being depreciated				
Land	$ 124,854	$ -	$ -	$ 124,854
Construction in progress	2,962,267	575,641	-	3,537,908
Total capital assets, not being depreciated	3,087,121	575,641	-	3,662,762
Capital assets, being depreciated				
Plant and equipment	15,377,275	53,568	-	15,430,843
Total capital assets, being depreciated	15,377,275	53,568	-	15,430,843
Less: accumulated depreciation	(3,925,809)	(395,940)	-	(4,321,749)
Total capital assets, being depreciated, net	11,451,466	(342,372)	-	11,109,094
Business-type activities capital assets, net	$ 14,538,587	$ 233,269	$ -	$ 14,771,856

Depreciation expense was charged to the following functions in the Statement of Activities:

Governmental Functions:	
General Government	$ 4,783
Public Safety	2,150
Public Works	61,022
Parks and recreation	111,319
	$ 179,274
Business-Type Functions:	
Water	$ 76,217
Sewer	319,723
	$ 395,940

Note 7 – Long-Term Debt

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Current Portion
Governmental Activity Long Term Debt					
Direct Placement:					
Public Finance Authority Bonds					
92-1 and 92-2	$ 135,000	$ -	$ (135,000)	$ -	$ -
	$ 135,000	$ -	$ (135,000)	$ -	$ -
Business-Type Activity Long Term Debt					
Direct Financing:					
Loan Payable					
USDA Sewer Loan	$ 272,300	$ -	$ (4,800)	$ 267,500	$ 5,100
	$ 272,300	$ -	$ (4,800)	$ 267,500	$ 5,100
Compensated Absences					
Government Activities	$ 23,523	$ -	$ (7,422)	$ 16,101	
Business-Type Activities	$ 26,327	$ -	$ (4,051)	$ 22,276	
Net Pension Liability					
Government Activities	$ 361,526	$ 321,168	$ -	$ 682,694	
Business-Type Activities	$ 360,371	$ 320,142	$ -	$ 680,513	

Public Finance Authority – The City has assumed full responsibility for the payment of two revenue bonds issued by the San Joaquin Public Finance Authority. The bonds were issued in 1993 to fund several special assessment districts and the General, Water and Sewer capital leases. As these funds are reporting their proportionate share of the debt, the remaining portion is reported as a general City obligation. The City retired a portion of the Series 1992 revenue bonds during the fiscal year ending June 30, 2010. During the fiscal year ending June 30, 2013 the Water and Sewer funds retired their portion of the debt by transferring $195,000 to the General Fund. The full amount of the debt is now payable by the General Fund. Interest on the remaining Series 1992 revenue bond is 8%. The balance was paid off during the fiscal year ended June 30, 2023.

USDA Sewer Loan Payable - In 2011 the City entered into an agreement with the USDA to partially finance the sewer plant expansion. The loan agreement is for an amount not to exceed $315,000 and bears interest at 4.375% with semi-annual payments on October 1st and April 1st. At June 30, 2023 the loan outstanding amounts to $267,500.

Note 7 – Long-Term Debt (continued)

The annual requirement to amortize the principal and interest on all long-term debt at June 30, 2023 are as follows:

	Business-Type Activities	
Years ending June 30,	Principal	Interest
2024	$ 5,100	$ 11,704
2025	5,300	11,480
2026	5,500	11,248
2027	5,700	11,008
2028	6,000	10,758
2029-2033	34,100	49,618
2034-2038	42,300	41,470
2039-2043	52,400	31,380
2044-2048	64,900	18,864
2049-2050	46,200	4,104
	$ 267,500	$ 201,634

Note 8 – Interfund Transfers

In general, the City uses interfund transfers to (1) move revenues from the funds that collect them to the funds that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to help finance various programs and capital projects accounted for in other funds in accordance with budgetary authorization, and (3) move cash to debt service funds from the funds responsible for payment as debt service payments become due. In general, the effect of the interfund activity has been eliminated from the government-wide financial statements.

	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	$ 161,179	$ -
Measure C	-	5,028
American Rescue Plan	-	22,945
Major Enterprise Funds:		
Disposal Fund	-	12,234
Nonmajor Governmental Funds:		
Safety Fund	-	126,000
Streets	5,028	-
	$ 166,207	$ 166,207

- Transfer out of $126,000 from the Public Safety Fund to the General Fund to cover public safety costs.
- Transfer out of $12,234 from the Disposal Fund to the General Fund is to close out a grant.

Note 9 – Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items to report in this category:

- The City has $597,869 in pension related items that qualify to be reported in deferred outflows of resources. The pension related deferred outflows of resources are described in Note 10.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item to report in this category:

- The City has $99,350 in pension related items that qualify to be reported in deferred inflows of resources. The pension related deferred inflows of resources are described in Note 10.

Unavailable revenues arise only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The City has $1,706,746 in notes and loans receivable reported in the Housing Assistance Fund, $764,072 in receivable due from Successor Agency in the General Fund, $152,755 in Streets Capital Project Fund, $20,517 in the Rural Energy Program Grant, $26,075 in the Local Early Action Planning Grant, and $127,941 in the CDBG Gang Prevention Program as deferred inflows of resources reported for unavailable revenues.

Note 10 – Pension Plan

Plan Description - The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office - 400 P Street - Sacramento, CA 95814.

Funding Policy - Participants are required to contribute seven percent of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 7.47 – 10.320 percent for non-safety employees of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Note 10 – Pension Plan (Continued)

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

	Miscellaneous Classic	PEPRA Miscellaneous
Hire Date	Prior to January 1, 2013	After or On January 1, 2013
Benefit Formula	2.0% at 55; maximum 2% COLA	2.0% at 62; maximum 2% COLA
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	55	62
Monthly Benefits, as a % of Eligible Compensation	2.00%	2.00%
Required Employee Contribution Rates	7.00%	6.25%
Required Employer Contribution Rates	10.320%	7.470%

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

For the year ended June 30, 2023, $149,963 of contributions was recognized as part of the pension expense.

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

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

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 1,363,207

Note 10 – Pension Plan (Continued)

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2022, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2022 and 2023 was as follows:

	Miscellaneous
Proportion – June 30, 2022	0.03802%
Proportion – June 30, 2023	0.02913%
Change – Increase/(Decrease)	-0.00889%

For the year ended June 30, 2023, the City recognized pension expense of $101,878. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 173,362	$ -
Change in employer's proportion	7,738	(50,678)
Differences between employer's contributions and proportionate share of contributions	-	(30,339)
Differences between expected and actual experience	27,376	(18,334)
Changes of assumptions	139,689	-
Differences between projected and actual investment earnings	249,704	-
Total	$ 597,869	$ (99,351)

$173,362 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2024	$ 75,077
2025	62,962
2026	34,388
2027	152,727
Thereafter	-

Note 10 – Pension Plan (Continued)

Actuarial Methods and Assumptions – The collective total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.50%
Payroll Growth	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Date for all Funds [1]
Post Retirement Benefit Increa	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

[1] 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.

Note 10 – Pension Plan (Continued)

All other actuarial assumptions used in the June 30, 2019 valuation was based on the results of an December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015), including updates to salary increase, mortality and retirement rates. The Experience Study can be obtained at CalPERS' website.

Change of assumptions – None.

Discount rate – The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected rate of returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and 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 equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Note 10 – Pension Plan (Continued)

The table below reflects long-term expected real rates 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. The geometric rates of return are net of administrative expenses.

Asset Class[1]	New Strategic Allocation	Real Return[2] Years 1-10	Real Return[3] Years 11+
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Infrastructure and Forestland	0%	0.00%	0.00%
Liquidity	1%	0.00%	-0.92%
Total	100%		

[1] 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
[2] An expected inflation of 2.0% used for this period
[3] An expected inflation of 2.92% used for this period

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability for each Plan, calculating using the discount rate of each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.90%) or 1-percentage point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net Pension Liability	$ 1,999,179	$ 1,363,207	$ 839,961

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

Payable to the Pension Plan – At June 30, 2023, the City has no outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

Note 11 – Concentrations

The Successor Agency owes the City $782,746 from cash pool overdrafts. Should the Agency be unable to repay the City debt in the future, this could create financial difficulties for the City. Management believes that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill.

Note 12 – Risk Management

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

The City is covered for the first $1,000,000 of each general liability claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under $50,000. The CSJVRMA purchases excess reinsurance from $1,000,000 to $15,000,000.

The CSJVRMA is a consortium of 55 cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500, et. seq. The CSJVRMA is governed by a Board of Directors, which meets three to four times each year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA. The financial statements of CSJVRMA can be obtained at 1831 K Street, Sacramento, CA 95814.

The latest audited financial information and the most current information available for CSJVRMA for fiscal year ended June 30, 2023 is as follows:

Total assets	$ 153,984,502
Total liabilities	120,022,096
Net position	$ 33,962,406
Total revenues	$ 73,088,767
Total expenses	71,300,255
Increase/(decrease) in net position	$ 1,788,512

Note 13 – Contingencies

Federal and State Government Programs - The City participates in several federal and state grant programs. These programs have been audited, as needed, in accordance with the provisions of the federal Single Audit Act of 1984 and applicable state requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

Note 14 – Subsequent Events

The City evaluated subsequent events for recognition and disclosure through March 24, 2026, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2023 that required recognition or disclosure in such financial statements.

Note 15 – Deficit Fund Balance

The following is a summary of deficit fund balances as of June 30, 2023:

Major Enteprise Fund	
Disposal Fund	$ (32,079)
Nonmajor Special Revenue Funds	
Streets Fund	$ (152,755)
Rural Energy Action Program Grant	$ (20,517)
Local Early Action Planning Grant	$ (26,075)
CDBG Gang Prevention Grant	$ (127,941)

This deficit is expected to be relieved from future revenues or transfers from other funds.

Note 16 – Excess of Expenditures over Appropriations

The excess of expenditures over appropriations are as follows:

General Fund:	
Current:	
Parks and recreation	$ 10,956
Capital outlay	$ 6,069
Housing Assistance Fund:	
Current:	
Community Development	$ 6,568

The excess of expenditures over appropriations are covered by excess revenues over appropriations and available fund balance in the corresponding funds.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAN JOAQUIN

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive/
	Original	Final	Amounts	(Negative)
Revenue				
Taxes	$ 660,350	$ 660,350	$ 822,730	$ 162,380
Intergovernmental	-	331,000	47	(330,953)
Licenses, permits and impact fees	99,400	99,400	36,076	(63,324)
Fines and forfeitures	3,500	3,500	464	(3,036)
Interest and rents	52,070	52,070	25,038	(27,032)
Loan repayments	79,000	79,000	44,668	(34,332)
Other	40,834	40,834	43,201	2,367
Total revenue	935,154	1,266,154	972,224	(293,930)
Expenditures				
Current				
General government	480,608	480,608	397,706	82,902
Public safety	165,624	165,624	118,296	47,328
Public works	32,224	32,224	25,619	6,605
Parks and recreation	175,288	175,288	186,244	(10,956)
Community development	250,245	250,245	209,690	40,555
Capital outlay	10,000	10,000	16,069	(6,069)
Debt service				
Principal	-	155,000	135,000	20,000
Interest and other charges	-	7,249	7,174	75
Total expenditures	1,113,989	1,276,238	1,095,798	180,440
Revenue over (under)expenditures	(178,835)	(10,084)	(123,574)	(113,490)
Other Financing Sources/(Uses)				
Transfers in/(out)	340,000	340,000	161,179	(178,821)
	340,000	340,000	161,179	(178,821)
Net Change in Fund Balance	$ 161,165	$ 329,916	37,605	$ (292,311)
Fund Balance				
Beginning of year			640,996	
End of year			$ 678,601	

CITY OF SAN JOAQUIN

BUDGETARY COMPARISON SCHEDULE
HOUSING ASSISTANCE FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive/
	Original	Final	Amounts	(Negative)
Revenue				
Intergovernmental	$ -	$ -	$ 2,988	$ 2,988
Interest	3,106	3,106	2,983	(123)
Loan repayments	-	-	38,471	38,471
Total revenue	3,106	3,106	44,442	41,336
Expenditures				
Current				
Community development	-	-	6,568	(6,568)
Total expenditures	-	-	6,568	(6,568)
Net Change in Fund Balance	$ 3,106	$ 3,106	37,874	$ 34,768
Fund Balance				
Beginning of year			658,017	
End of year			$ 695,891	

CITY OF SAN JOAQUIN

BUDGETARY COMPARISON SCHEDULE
MEASURE C FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive/
	Original	Final	Amounts	(Negative)
Revenue				
Intergovernmental	$ 214,361	$ 214,361	$ 218,696	$ 4,335
Interest and rent	2,000	2,000	6,384	4,384
Total revenue	216,361	216,361	225,080	8,719
Expenditures				
Current				
Public works	215,114	215,114	110,137	104,977
Total expenditures	215,114	215,114	110,137	104,977
Revenue over (under)expenditures	1,247	1,247	114,943	113,696
Other Financing Sources/(Uses)				
Transfers in/(out)	-	-	(5,028)	(5,028)
Net Change in Fund Balance	$ 1,247	$ 1,247	109,915	$ 108,668
Fund Balance				
Beginning of year			1,173,130	
End of year			$ 1,283,045	

CITY OF SAN JOAQUIN

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 YEARS*
YEAR ENDED JUNE 30, 2023

	Miscellaneous					
	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered - employee payroll	Proportionate share of the net pension liability as a percentage of covered-employee payroll	Plan's fiduciary net position	Plan's fiduciary net position as a percentage of the Total Pension Liability
2015	0.01380%	$ 341,032	$ 594,000	57.41%	$ 2,970,654	89.70%
2016	0.02251%	$ 617,597	$ 618,152	99.91%	$ 2,730,765	81.56%
2017	0.02381%	$ 827,211	$ 530,623	155.89%	$ 2,750,531	76.88%
2018	0.02469%	$ 973,316	$ 629,110	154.71%	$ 2,976,364	75.36%
2019	0.02546%	$ 959,351	$ 589,677	162.69%	$ 3,199,251	76.93%
2020	0.02646%	$ 1,059,753	$ 500,973	211.54%	$ 3,285,227	76.93%
2021	0.02745%	$ 1,157,914	$ 638,493	181.35%	$ 3,178,650	73.30%
2022	0.03802%	$ 721,897	$ 1,047,854	68.89%	$ 3,734,199	83.80%
2023	0.02913%	$ 1,363,207	$ 1,513,849	90.05%	$ 3,302,145	70.78%

*Fiscal year 2014-15 was the first year of implementation, therefore only nine years are shown.

Changes of Assumptions: None.

CITY OF SAN JOAQUIN

SCHEDULE OF CONTRIBUTIONS
LAST 10 YEARS*
YEAR ENDED JUNE 30, 2023

	Miscellaneous				
	Contractually required contribution (actuarially determined)	Contributions in relation to the actuarially determined contributions	Contributions deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2015	$ 58,000	$ (58,000)	$ -	$ 561,000	10.28%
2016	$ 65,492	$ (65,492)	$ -	$ 618,152	10.59%
2017	$ 74,548	$ (74,548)	$ -	$ 530,623	14.05%
2018	$ 75,592	$ (75,592)	$ -	$ 629,110	12.02%
2019	$ 84,001	$ (84,001)	$ -	$ 589,677	14.25%
2020	$ 86,565	$ (86,565)	$ -	$ 500,973	17.28%
2021	$ 111,348	$ (111,348)	$ -	$ 638,493	17.44%
2022	$ 128,759	$ (128,759)	$ -	$ 1,047,854	12.29%
2023	$ 149,963	$ (149,963)	$ -	$ 1,513,849	9.91%

*Fiscal year 2014-15 was the first year of implementation, therefore only nine years are shown.

SUPPLEMENTAL ONLY INFORMATION

CITY OF SAN JOAQUIN

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS (continued)
JUNE 30, 2023

	Special Revenue Funds				
	COVID	Rural Energy for America Program Grant	Local Early Action Planning Grant	Low Moderate Housing Asset	Landscape Maintenance
ASSETS					
Cash and investments	$ -	$ -	$ -	$ 61,570	$ 134,586
Interest receivable	-		-	48	104
Due from other governments	28,421	20,517	26,075	-	-
Total assets	$ 28,421	$ 20,517	$ 26,075	$ 61,618	$ 134,690
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities					
Accounts payable and accrued expense	-	17,493	-	-	662
Due to other funds	28,421	3,024	26,075	-	-
Total liabilities	28,421	20,517	26,075	-	662
Deferred Inflows of Resources					
Unavailable revenues	-	20,517	26,075	-	-
Total deferred inflows of resources	-	20,517	26,075	-	-
Fund Balance					
Restricted					
Low-income housing activities	-	-	-	61,618	-
Public safety programs	-	-	-	-	-
Circulation improvements	-	-	-	-	-
Capital improvement projects	-	-	-	-	-
Landscape maintenance	-	-	-	-	134,028
Unassigned	-	(20,517)	(26,075)	-	-
Total fund balance	-	(20,517)	(26,075)	61,618	134,028
Total liabilities, deferred inflows of resources and fund balance	$ 28,421	$ 20,517	$ 26,075	$ 61,618	$ 134,690

CITY OF SAN JOAQUIN

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS (continued)
JUNE 30, 2023

	Special Revenue Funds				Total
	CDBG Self-Sufficiency Program	CDBG Gang Prevention Program	Low Income Household Water Assistance Program	CDBG Small Business Assistance Program	Non-major Governmental Funds
ASSETS					
Cash and investments	$ 3,781	$ -	$ 2,538	$ 24,000	$ 871,778
Interest receivable	-	-	-	-	759
Due from other governments	-	127,941	-	-	1,028,504
Total assets	$ 3,781	$ 127,941	$ 2,538	$ 24,000	$ 1,901,041
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities					
Accounts payable and accrued expense	-	22,553	-	-	184,539
Due to other funds	-	105,388	-	-	220,172
Total liabilities	-	127,941	-	-	404,711
Deferred Inflows of Resources					
Unavailable revenues	-	127,941	-	-	327,288
Total deferred inflows of resources	-	127,941	-	-	327,288
Fund Balance					
Restricted					
Low-income housing activities	-	-	2,538	-	64,156
Public safety programs	-	-	-	-	76,368
Circulation improvements	-	-	-	-	1,139,072
Capital improvement projects	-	-	-	-	54,925
Landscape maintenance	-	-	-	24,000	158,028
Unassigned	3,781	(127,941)	-	-	(323,507)
Total fund balance	3,781	(127,941)	2,538	24,000	1,169,042
Total liabilities, deferred inflows of resources and fund balance	$ 3,781	$ 127,941	$ 2,538	$ 24,000	$ 1,901,041

CITY OF SAN JOAQUIN

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	Special Revenue Funds				Capital Project Funds	
	Public Safety	SB-1	Gas Tax	Local Transportation	Streets	Impact Fees
Revenue						
Taxes	$ -	$ -		$ -	$ -	$ -
Intergovernmental	186,159	82,552	96,713	77,594	63,227	-
Interest	621	1,125	1,253	1,113	-	275
Total revenue	186,780	83,677	97,966	78,707	63,227	275
Expenditures						
Current						
Public safety	100,150	-	-	-	-	-
Public works	-	201	115,893	127,263	221,010	-
Park and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Total expenditures	100,150	201	115,893	127,263	221,010	-
Revenue over (under) expenditures	86,630	83,476	(17,927)	(48,556)	(157,783)	275
Other financing sources/(uses)						
Operating transfers in/(out) - net	(126,000)	-	-	-	5,028	-
	(126,000)	-	-	-	5,028	-
Change in Fund Balance	(39,370)	83,476	(17,927)	(48,556)	(152,755)	275
Fund Balance						
Beginning of year	115,738	168,010	249,128	704,941	-	54,650
End of year	$ 76,368	$ 251,486	$ 231,201	$ 656,385	$ (152,755)	$ 54,925

CITY OF SAN JOAQUIN

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS (continued)
YEAR ENDED JUNE 30, 2023

	Special Revenue Funds				
	COVID	Rural Energy for America Program Grant	Local Early Action Planning Grant	Low Moderate Housing Asset	Landscape Maintenance
Revenue					
Taxes	$ -	$ -	$ -	$ -	$ 29,282
Intergovernmental	41,173	-	-	11,167	-
Interest	-	-	-	283	469
Total revenue	41,173	-	-	11,450	29,751
Expenditures					
Current					
Public safety	-	-	-	-	-
Public works	-	19,215	13,075	1,618	8,193
Park and recreation	41,173	-	-	-	-
Community development	-	-	-	-	-
Total expenditures	41,173	19,215	13,075	1,618	8,193
Revenue over (under) expenditures	-	(19,215)	(13,075)	9,832	21,558
Other financing sources/(uses)					
Operating transfers in/(out) - net	-	-	-	-	-
	-	-	-	-	-
Change in Fund Balance	-	(19,215)	(13,075)	9,832	21,558
Fund Balance					
Beginning of year	-	(1,302)	(13,000)	51,786	112,470
End of year	$ -	$ (20,517)	$ (26,075)	$ 61,618	$ 134,028

CITY OF SAN JOAQUIN

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS (continued)
YEAR ENDED JUNE 30, 2023

	Special Revenue Funds				Total
	CDBG Self-Sufficiency Program	CDBG Gang Prevention Program	Low Income Household Water Assistance Program	CDBG Small Business Assistance Program	Non-major Governmental Funds
Revenue					
Taxes	$ -	$ -	$ -	$ -	$ 29,282
Intergovernmental	62,793	-	2,538	115,000	738,916
Interest	-	-	-	-	5,139
Total revenue	62,793	-	2,538	115,000	773,337
Expenditures					
Current					
Public safety	-	127,941	-	-	228,091
Public works	-	-	-	-	506,468
Park and recreation	59,012	-	-	-	100,185
Community development	-	-	-	91,000	91,000
Total expenditures	59,012	127,941	-	91,000	925,744
Revenue over (under) expenditures	3,781	(127,941)	2,538	24,000	(152,407)
Other financing sources/(uses)					
Operating transfers in/(out) - net	-	-	-	-	(120,972)
	-	-	-	-	(120,972)
Change in Fund Balance	3,781	(127,941)	2,538	24,000	(273,379)
Fund Balance					
Beginning of year	-	-	-	-	1,442,421
End of year	$ 3,781	$ (127,941)	$ 2,538	$ 24,000	$ 1,169,042

CITY OF SAN JOAQUIN

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds				Capital Project Funds	
	Public Safety	SB-1	Gas Tax	Local Transportation	Streets	Impact Fees
ASSETS						
Cash and investments	$ 142	$ 236,837	$ 227,312	$ 126,124	$ -	$ 54,888
Interest receivable	67	183	172	148	-	37
Due from other governments	76,159	14,466	10,872	531,196	192,857	-
Total assets	$ 76,368	$ 251,486	$ 238,356	$ 657,468	$ 192,857	$ 54,925
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
Liabilities						
Accounts payable and accrued expense	-	-	7,155	1,083	135,593	-
Due to other funds	-	-	-	-	57,264	-
Total liabilities	-	-	7,155	1,083	192,857	-
Deferred Inflows of Resources						
Unavailable revenues	-	-	-	-	152,755	-
Total deferred inflows of resources	-	-	-	-	152,755	-
Fund Balance						
Restricted						
Low-income housing activities	-	-	-	-	-	-
Public safety programs	76,368	-	-	-	-	-
Circulation improvements	-	251,486	231,201	656,385	-	-
Capital improvement projects	-	-	-	-	-	54,925
Landscape maintenance	-	-	-	-	-	-
Unassigned	-	-	-	-	(152,755)	-
Total fund balance	76,368	251,486	231,201	656,385	(152,755)	54,925
Total liabilities, deferred inflows of resources and fund balance	$ 76,368	$ 251,486	$ 238,356	$ 657,468	$ 192,857	$ 54,925

OVERALL COMPLIANCE, INTERNAL CONTROLS AND FEDERAL AWARDS SECTION

BRYANT L. JOLLEY
CERTIFIED PUBLIC ACCOUNTANTS

Bryant L. Jolley C.P.A.
Ryan P. Jolley C.P.A.
Darryl L. Smith C.P.A.
Luis A. Perez C.P.A.
Lan T. Kimoto

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

To the Honorable Mayor and City Council
City of San Joaquin, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Joaquin, California, (the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 24, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a significant deficiency.

901 "N" STREET, SUITE 104 FIREBAUGH, CALIFORNIA 93622 PHONE 559.659.3045 FAX 559.659.0615

Report on Compliance and Other Matters

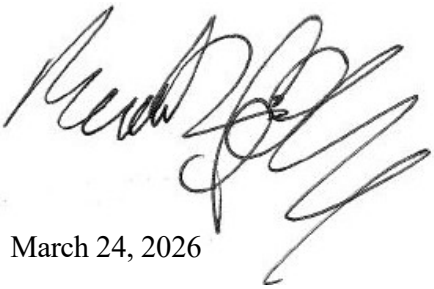
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

City of San Joaquin's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of San Joaquin's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of San Joaquin's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



March 24, 2026

BRYANT L. JOLLEY
CERTIFIED PUBLIC ACCOUNTANTS

Bryant L. Jolley C.P.A.
Ryan P. Jolley C.P.A.
Darryl L. Smith C.P.A.
Luis A. Perez C.P.A.
Lan T. Kimoto
John P. Burt

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

To the Honorable Mayor and City Council
City of San Joaquin, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of San Joaquin (the "City"), California's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-004. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on City of Sanger's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City of Sanger's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

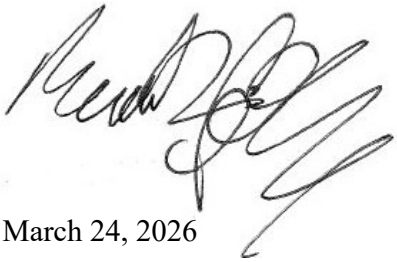
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



March 24, 2026

CITY OF SAN JOAQUIN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Passed through State Department of Housing and Community Development			
Community Development Block Grant/Brownfields Economic Development Initiative	14.246	18-CDBG-12917	$ 373,388
Community Development Block Grant/State's Program	14.228	20-CDBG-CVI0026	62,793
Community Development Block Grant/State's Program	14.228	21-CDBG-NH-2001	127,941
Community Development Block Grant/State's Program	14.228	20-CDBG-12059	202,253
Total U.S. Department of Housing and Urban Development			766,375
U.S. Department of Transportation			
Pass-through State of California Department of Transportation			
Highway Planning and Construction	20.205	ATPL 5245(017)	7,488
Highway Planning and Construction	20.205	RSTPCML-5240(019)	152,755
Highway Planning and Construction	20.205	CML-5245(019)	46,580
Highway Planning and Construction	20.205	CML-5245(018)	21,674
Total U.S. Department of Transportation			228,497
U.S Department of Protection Agency			
Passed through State Water Resources Control Board			
Drinking Water State Revolving Fund - Water Meter Installation	66.468	DWSRF 1010034	25,511
Total U.S Department of Protection Agency			25,511
U.S. Department of the Treasury			
Passed thru the Department of Finance			
Coronavirus Relief Fund	21.019	N/A	99,330
Coronavirus Relief Fund	21.019	N/A	91,000
Coronavirus Relief Fund	21.019	N/A	5,074
Total U.S. Department of Treasury			195,404
Total Federal Expenditures			$ 1,215,787

CITY OF SAN JOAQUIN

NOTES SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Note 1 – Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the City of San Joaquin, California (the City). Federal awards received directly from federal agencies as well as federal awards passed through other nonfederal agencies, primarily the State of California, are included in the SEFA. The City's reporting entity is defined in Note 1 to the City's basic financial statements.

Note 2 – Basis of Accounting

The accompanying SEFA is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in Note 1 to the City's basic financial statements. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in, or used in the preparation of, the SEFA may differ from amounts presented in the basic financial statements.

Note 3 – Relationship to the Financial Statements

Expenditures of federal awards are reported in the City's basic financial statements as expenditures/expenses in the General Fund, nonmajor special revenue funds, nonmajor capital project funds, and the enterprise funds.

Note 4 – Indirect Cost Rate

The City did not elect to use the 10% de minimus cost rate as covered in 2 CFR §200.414.

CITY OF SAN JOAQUIN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weaknesses identified?	☒	Yes	☐	No
• Significant deficiencies identified that are not considered to be material weaknesses?	☒	Yes	☐	None reported
• Non-compliance material to financial statements noted?	☐	Yes	☒	No

Federal Awards

Internal control over major programs:

• Material weaknesses identified?	☐	Yes	☒	No
• Significant deficiencies identified that are not considered to be material weaknesses?	☐	Yes	☒	None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	☒	Yes	☐	No

Identification of Major Programs

Assistance Listing Number	Name of Federal Program or Cluster
14.228	Community Development Block Grant/State's Program
14.246	Community Development Block Grant/Brownsfield Economic Development Initiative

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

Auditee qualified as low-risk auditee?	☐	Yes	☒	No

B. Findings – Financial Statements Audit

Finding 2023-001: Financial Close (Material Weakness)

Criteria: An effective internal control system and timely financial reporting provides reasonable assurance for the safeguarding of assets, the reliability of financial information, and compliance with laws and regulations.

Condition: During the performance of the audit, processes utilized for year-end reconciliations and financial reporting of financial activity for the fiscal year were not effective, which contributed to the delayed accounting close of the City's trial balance and unpreparedness for the audit. The year-end audit for the June 30, 2023 fiscal year began in June 2025. The City's final financial statements were provided in January 2026. Specific financial statement areas that required corrections and adjustments throughout the process included:

- Cash & investments - See material weakness 2023-002.
- Grant reconciliation – See material weakness 2023-003.

Cause: The City did not have adequate controls and procedures in place for the year-end close process.

Effect: The financial statements as initially presented to the auditors contained material misstatements that required adjustments.

Recommendation: We recommend the City develop checklists or other guidance documents over the year-end closing process to ensure all closing entries are captured in the City's general ledger in a timely manner, and supporting schedules agree and reconcile to respective account balances prior to the trial balance being provided for the audit.

Management's Response: See Corrective Action Plan.

Finding 2023-002: Cash & Investments (Material Weakness)

Criteria: Certain deficiencies in the internal control system over financial reporting could adversely affect an entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Condition: There was a failure to perform bank reconciliations accurately and timely for the June 30, 2023 fiscal year. Bank reconciliations for the fiscal year were not completed until January 2026.

Cause: The overall process for cash and investment reconciliations was not being completed properly. Bank reconciliations were not being prepared or reviewed timely. Unfamiliarity with the bank reconciliation process led to inconsistencies in how transactions were being recorded.

B. Findings – Financial Statements Audit (continued)

Finding 2023-002: Cash & Investments (Material Weakness) (continued)

Effect: Untimely preparation and review of bank reconciliations increases the risk that errors go undetected. Cash and investment balances as presented are not reflective of their true balances.

Recommendation: We recommend the City review their cash and investment reconciliation procedures to ensure timely and accurate completion. Cash and investment reconciliations should include tests of mechanical accuracy and tracing of items on the reconciliation to relevant source documents. Bank reconciliations for the current month should be completed in the subsequent month.

Management's Response: See Corrective Action Plan.

Finding 2023-003: Grant Reconciliation (Significant Deficiency)

Cause: Certain deficiencies in the internal control system over financial reporting could adversely affect an entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Condition: In addition, the City is not timely submitting claims for reimbursement of eligible expenditures to the relevant granting agency resulting in unavailable revenues in the period of expenditure causing the City's general fund to up-front the cash payments. In some instances, receivables for reimbursement grants were not recorded.

Cause: The City did not have adequate controls and procedures in place for reconciling grants. It also appears there is not enough formalized communication between department heads who manage grants and the Finance Department who is responsible for reconciling all activity. Cash flow for these grant funds was not being monitored.

Effect: Grant funds have overdrawn cash balances causing payments to be made from the City's general fund.

Recommendation: We recommend the City ensure proper procedures are in place to reconcile grants. With assistance from department heads/grant managers, summarized grant information and program information should be provided to the Finance Department such as:

- Copies of grant agreements and budgets
- Copies of material expenditures with proper approvals of coding and application
- Copies of reimbursement requests submitted
- Monitoring of grant cash flow

B. Findings – Financial Statements Audit (continued)

Finding 2023-003: Grant Reconciliation (Significant Deficiency) (continued)

The Finance Department should then be able to prepare a reconciliation of grant revenues, expenditures, unearned revenue, cash received, and receivables at year-end. Claims for reimbursement should be processed timely, in the same year the expenditures were incurred.

Management's Response: See Corrective Action Plan.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

Finding 2023-004: Financial Reporting Timeliness (Compliance)

Criteria: In accordance with CFR section 200.512 of the Uniform Guidance, the audit must be completed and the data collection form and reporting package must be submitted to the Federal Audit Clearinghouse within the earlier of 30 calendar days after receipt of the auditors report(s), or nine months after the end of the audit period.

Condition: The 2023 Single Audit reporting package and data collection form have not been submitted to the Federal Audit Clearinghouse by the deadline of March 31, 2024.

Cause: There were various accounting issues noted in findings 2023-001 through 2023-003 that caused delays in the completion of the fiscal year 2023 audit.

Effect: The filing of the Single Audit Reporting package and data collection form is past the due date.

Recommendation: As noted in finding 2023-001, we recommend the City strive to close the year-end with properly prepared reconciliations within 3-4 months after year-end in order to complete the annual financial audit timely.

Management's Response: See Corrective Action Plan.

CITY OF SAN JOAQUIN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023

Summary Schedule of Prior Audit Findings

There were no prior year audit findings.

FINDING #	CORRECTIVE ACTION PLAN	RESPONSIBLE OFFICIAL	ANTICIPATED COMPLETION DATE
2023-001: Financial Close	The City of San Joaquin will strengthen its year-end financial closing procedures by implementing a formalized closing schedule, including standardized checklists, clearly defined responsibilities, and supervisory review protocols.	Finance Director	Fiscal Year 2025-2026
2023-002: Cash Reconciliation	The City of San Joaquin will enhance internal controls over cash by ensuring that all bank accounts are reconciled on a monthly basis. Each reconciliation will be independently reviewed and approved by supervisory personnel. Reconciling items will be investigated and resolved in a timely manner,	Finance Director	Fiscal Year 2025-2026

	with appropriate documentation maintained to support all balances and adjustments.		
2023-003: Grant Reconciliation	The City of San Joaquin will enhance grant reconciliation processes by performing regular reconciliations between the general ledger, grant reports, and supporting documentation. A grant tracking system will be maintained, and coordination between Finance, engineering, and other departments will be strengthened to ensure timely and accurate reporting.	Finance Department/ City Engineers/ Department Heads /	Fiscal Year 2025-2026

Finding 2023-004: Financial Reporting Timeliness (Compliance)	The City of San Joaquin will implement corrective measures to ensure timely completion of the annual financial audit and submission of the Single Audit reporting package in accordance with Uniform Guidance requirements. Management will establish a formal audit timeline, strengthen year-end closing and reconciliation procedures, and coordinate closely with external auditors to monitor progress and meet all reporting deadlines.	Finance Director	Fiscal Year 2025-2026

Eddy Otanez Maria

Eddy Otanez Maria
Finance Director
City of San Joaquin, California
03/24/2026

RESOLUTION NO. 2026-09

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN JOAQUIN DESIGNATING THE MARCH 31, 2026, HOLIDAY FOR CITY EMPLOYEES AS "FARMWORKERS DAY"

WHEREAS, the City Council believes firmly in supporting City employees; and

WHEREAS, in appreciation of City employees' hard work, the City provides a certain number of holidays for City employees; and

WHEREAS, City employees provide valuable services to the City of San Joaquin and its residents; and

WHEREAS, under San Joaquin Municipal Code Section 11.02 (A) (15) one of the holidays provided to City employees is "March 31, known as Cesar Chavez Day; and

WHEREAS, the recent allegations of abuse by Cesar Chavez uncovered in The New York Times' investigation are reprehensible, shocking, and inexcusable. These actions go against what we stand for in efforts to empower community.

WHEREAS, we are deeply saddened for the victims and their families who have been affected by the horrendous acts; and

WHEREAS, the victims dedicated their lives, made many sacrifices supporting farmworkers, and were silenced for decades; and

WHEREAS, we honor the brave women who have stepped forward and have refused to be silenced; and

WHEREAS, we applaud the NY Times investigators for shedding bright light on the dark history of abuse; and

WHEREAS, no one should condone the sexual abuse of girls and women caused by Cesar Chavez.

NOW,THEREFORE, the City Council of the City of San Joaquin resolves as follows:

1. The foregoing recitals are true and correct and are incorporated by reference.

2. The Council hereby resolves to name the City employees' holiday scheduled for March 31, 2026, as Farmworkers Day.

3. The City Council directs that an ordinance amendment be prepared to formally amend the San Joaquin Municipal Code designation of holidays.

4. This resolution is effective upon adoption.

The foregoing resolution was adopted at a special meeting of the City Council of the City of San Joaquin March 26, 2026, and passed at said meeting by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Adam Flores-Cornejo, Mayor

ATTEST:

_____
Alondra Bautista, City Clerk

RESOLUTION NO. 2026-10

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN JOAQUIN APPROVING THE COMMITMENT AND USE OF FUNDS FROM THE WATER ENTERPRISE FUND TOWARDS THE DRINKING WATER WELL #4 PROJECT

Whereas, the City collects monthly water fees from users that are held in the water enterprise fund; and

Whereas, these funds are intended to support the operation of the water distribution system; and

Whereas, the City is also applying to the 2025 State CDBG program for funding for the majority of this project.

Now, Therefore, the City Council of the City of San Joaquin resolves as follows:

1. The foregoing recitals are true and correct and incorporated by reference; and
2. The City of San Joaquin commits to contribute $35,000 from the Water Enterprise Fund toward the rehabilitation of the Drinking Water Well #4 Project to offset construction costs.
3. The City Manager is authorized to execute any documents to implement this resolution.
4. This resolution is effective upon adoption.

This resolution was passed and adopted at a special meeting of the City Council of the City of San Joaquin held on 3/26/2026 by the following vote:

AYES: Enter # of votes
NOES: Enter # of votes
ABSENT: Enter # of absences
ABSTAIN: Enter # of abstentions

Adam Flores-Cornejo, Mayor
City Council

STATE OF CALIFORNIA
City of San Joaquin

(Certification on following page)

I, Alondra Bautista, City Clerk of the City of San Joaquin, State of California, hereby certify the above and foregoing to be a full, true and correct copy of a resolution adopted by said City Council on this 26th day of March, 2026 and that said resolution has not been amended, modified, repealed, or rescinded since its date of adoption and is in full force and effect as of the date hereof.

_____

By: Alondra Bautista, City Clerk
City of
San Joaquin