

*The City of*  
*Wasco*

G R O W W I T H U S

CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2010

*City of*



INCORPORATED 1945

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE CITY OF WASCO, CA



Fiscal Year Ended June 30, 2010

*Prepared by:*

*City Manager*  
Jim Zervis

*Accounting Manager*  
Rocio Mosqueda

*City of*



INCORPORATED 1945



INCORPORATED 1945

## INTRODUCTORY SECTION

The Introductory Section of the Comprehensive Annual Financial Report provides general information of the City of Wasco, California's structure and its personnel, as well as information useful in assessing the City's financial condition.

- Table of Contents
- Letter of Transmittal
- City's Organizational Chart

*City of*



INCORPORATED 1945



**City of Wasco  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2010**

**TABLE OF CONTENTS**

	Page
<b>INTRODUCTORY SECTION</b>	
Table of Contents . . . . .	i
Letter of Transmittal . . . . .	1
GFOA Certificate of Achievement . . . . .	8
Organization Chart . . . . .	9
List of Elected and Appointed Officials . . . . .	10
 <b>FINANCIAL SECTION</b>	
Independent Auditor's Report . . . . .	11
Management's Discussion and Analysis . . . . .	13
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets . . . . .	28
Statement of Activities . . . . .	29
Fund Financial Statements:	
Balance Sheet - Governmental Funds . . . . .	30
Reconciliation of the fund balances of Governmental Funds to net assets of Governmental Activities in the Statement of Net Assets . . . . .	31
Statement of Revenues, Expenditures, and Changes in Fund Balances, - Governmental Funds . . . . .	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities . . . . .	33
Statement of Net Assets - Proprietary Funds . . . . .	34
Statement of Revenues, Expenditures, and Changes in Fund Net Assets - Proprietary Funds . . . . .	35
Statement of Cash Flows - Proprietary Funds . . . . .	36
Statement of Fiduciary Net Assets - Fiduciary Funds . . . . .	37
Notes to the Financial Statements . . . . .	38
Required Supplementary information:	
Schedule of Funding Progress - Public Employees Retirement System - Miscellaneous Fund . . . . .	64
Schedule of Funding Progress - Public Employees Retirement System - Safety Fund . . . . .	64

Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund . . . . .	67
Streets Fund . . . . .	68
BEGIN Grant. . . . .	69
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Special Revenue Funds. . . . .	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds. . . . .	76
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
TDA Streets Fund . . . . .	78
Lighting and Landscaping Fund . . . . .	79
Emergency Response Fund . . . . .	80
Sewer Lift Station Fund . . . . .	81
Gas Tax Fund . . . . .	82
Traffic Safety Fund . . . . .	83
Traffic Impact Fund . . . . .	84
1993 CDBG Grant Fund . . . . .	85
COPS Grant Fund . . . . .	86
2002 Cal Home Grant Fund . . . . .	87
CHFA Rehab Grant Fund . . . . .	88
2003 CDBG Grant Fund . . . . .	89
2003 Cal Home Grant Fund . . . . .	90
2004 CDBG Grant Fund . . . . .	91
2004 Cal Home Grant Fund . . . . .	92
Miscellaneous Grants Fund . . . . .	93
2005 Cal Home Grant Fund . . . . .	94
CDBG Revolving Loan Fund . . . . .	95
CAL Home Grant Reuse Fund. . . . .	96
2006 CAL Home Grant Fund. . . . .	97
2007 Home Grant Fund. . . . .	98
Begin Grant Reuse Fund. . . . .	99
Edward Byrne Memorial Grant Fund. . . . .	100
Home Grant Reuse Fund . . . . .	101
RDA Low and Moderate Income Housing Fund . . . . .	102
RDA Capital Projects Fund . . . . .	104
RDA Debt Service Fund. . . . .	106
Statement of Changes in Fiduciary Assets and Liabilities Agency Fund:	
Financing Authority . . . . .	108

## STATISTICAL SECTION

Net Assets by Component. . . . .	109
Changes in Net Assets. . . . .	110
Governmental Activities Tax Revenues by Source. . . . .	112
Fund Balances of Governmental Funds. . . . .	113
Changes in Fund Balances of Governmental Funds. . . . .	114
Assessed Value and Estimated Actual Value of Taxable Property. . . . .	115
Direct and Overlapping Governments. . . . .	116
Principal Property Taxpayers. . . . .	117
Property Tax levies and Collections. . . . .	118
Ratios of Outstanding Debt by Source. . . . .	119
Direct and Overlapping Governmental Activities Debt. . . . .	120
Pledged Revenue Coverage. . . . .	121
Demographic and Economic Statistics. . . . .	122
Principal Employers. . . . .	123
Full-time Equivalent City Government Employees by Function. . . . .	124
Operating Indicators by Function. . . . .	125
Capital Asset Statistics by Function. . . . .	126

*City of*



INCORPORATED 1945



December 21, 2010

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Wasco:

State law requires that every general-purpose local government publish within six months of the close of the fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2010.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements.

Albert & Associates, LLP, Certified Public Accountants, has issued an unqualified, ("clean") opinion on the City of Wasco's financial statements for the year ended June 30, 2010. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

### ***Profile of the Government***

The City of Wasco, incorporated in 1945, and is located 30 miles north west from Bakersfield, the largest City in Kern County and is in the heart of the most diversified agricultural region in the world. The City is seated in between the two major Freeways within the State of California, Highway 99 (SR99) 9 miles to the east, Interstate 5 (I-5) 17 miles to the west. The City of Wasco currently occupies a land area of 9.7 square miles and serves a population of 25,541 of which includes approximately 5,871 prison inmates. The City of Wasco relies on taxes from various sources and agencies; such as, property tax, sales tax, motor vehicle-in-lieu of property taxes and franchise tax. The City is empowered by

state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Wasco has operated under the council-manager form of government since 1945. Policy-making and legislative authority are vested in a governing Council consisting of the mayor and four other members, all elected on a non-partisan basis. The Council appoints the government's attorney and manager, who in turn appoints the heads of various departments. Council members serve four-year overlapping terms, with three council members elected every two years and two council members elected during the alternating two years. The Council selects one of its members to serve as mayor each year.

The City of Wasco provides a full range of services, including, but not limited to, construction and maintenance of streets and roads, and other infrastructure, contracts with the Kern County Sheriffs Department for police services and with the Kern County Fire Department for fire protection services. Certain services are provided through a legally separate enterprise funds, such as Water, Wastewater, and Sanitation, which functions, in essence, as a department of the City of Wasco and therefore has been included as an integral part of the City of Wasco's financial statements. The City of Wasco also is financially accountable for a legally separate Redevelopment Agency, commonly known as the Wasco Redevelopment Agency (WRDA), established in 1988 by Ordinance No. 88-338 and the Wasco Public Financing Authority established in 1989 by a joint powers agreement. Additional information on both of these legally separate entities can be found in the notes to the financial statements (See Note 1).

The Council is required to adopt a final budget no later than the close of the prior fiscal year. This annual budget serves as the foundation for the City of Wasco's financial planning and control. The budget is prepared by fund, function (e.g., general fund), and department (e.g., police). The City Manager may transfer resources within a department and between departments according to the legal levels of budgetary control defined within the City Budget. .

### ***Local economy***

Major industries located within the City's boundaries or in close proximity include agricultural production and processing, logistical, warehousing, and distribution centers. The state also has a significant economic presence thanks to a major state prison that provides employment for more than 1,688 prison guards and staff.

Because of its location within the region and heavy reliance on seasonal agricultural jobs, unemployment is relatively high. During the past ten years, the unemployment rate declined from a high of 21.9 percent (1998) to a decade low of 14.4 percent (2006), only to increase due to the economic recession to set a new ten year high of 25.8 in 2009. The increase in unemployment over the past

three years is the result of a major agricultural producer selling its land and moving out of the City, a loss in construction related jobs due to the housing slowdown, and overall job reductions due to the economic recession.

Unemployment is expected to remain high over the next few years for two reasons. First, although the nationwide economic recession is officially over there has been no quick turnaround in construction or retail sales demand. Secondly, the local agricultural labor market has been shrinking due to heavy labor intensive crops such as roses decreasing in acreage and permanent crops such as fruit and nut trees being planted that require less labor than other types of crops. Nationally the unemployment rate remains high, including the City of Wasco.

During this past two years a nationwide hotel chain, two fast food restaurants, a new gas station, and a regional grocery store have been built. Several other nationally known retailers and restaurants are contemplating projects along the Highway 46 corridor. These new businesses have added a diversifying source of jobs to the City of Wasco and play a key role in combating the City's high unemployment rate.

In fiscal year 2007/2008 Wasco experienced a significant slowdown in the residential housing market also slowing developer related building, planning, and tap fees. By 2008/2009 seven different subdivisions that were under development fell into default with their lenders and as a result construction within these tracts significantly slowed down or stopped altogether. Virtually no new building permits within these subdivisions were issued while the various developers were restructuring and negotiating with lenders or working through bankruptcy. The City of Wasco reacted by downsizing its planning and building divisions to cope with the revenue reductions. As of the end of the 2009/2010 fiscal year four of the seven stalled developments have reestablished operations and have begun building homes. This uptick in building activity brings needed jobs and development related revenue sources back to the City. Although off to a slow start, the City is anticipating a modest increase in local residential building and related municipal revenues sources over the next year.

The Wasco Redevelopment Agency is currently in the process of forming a second project area around these defaulted subdivisions. This new project area will provide a key funding source to address the needed improvement and blight elimination plaguing these incomplete housing tracts over the long term.

Creating and maintaining a "business-friendly" environment in the City of Wasco is a key priority of the City Council. Over the past year the City Council has focused on assigning resources to continue development improvement efforts and on setting policy that encourages development. The City engaged PMC World, an independent firm, to review the City's Community Development Department and to recommend and implement procedures to improve the

function of the department and the City's overall development process. In addition, the City and PMC have been working on an online planning and building project tracking system that will be implemented in the coming year. This project tracking system will help insure project timelines are established and met, facilitate two way communications with developers and City staff, allow developers submit and access to reports and documents related to their project on-line, and organize and streamline the development entitlement and review process.

The City of Wasco's economy is based primarily on agriculture production and ag-related industries. The farm land surrounding the City of Wasco supports thousands of acres of diversified crops, such as, roses, potatoes, corn, almonds, alfalfa, sweet potatoes, carrots, melons, oranges and a variety of other fruits and vegetables. Wasco is also home a substantial portion of the nations rose production and is universally known as the "Rose Capital of the Nation". Every year, thousands of visitors come to the Wasco Rose Festival held in September to view the hundred of acres of roses in full radiant bloom.

### ***Long-term financial planning***

Unreserved, fund balance in the general fund (3.7 percent of total general fund expenditures) falls below the policy guidelines set by the City Council for budgetary and planning purposes (i.e., no less than the greater of 15 percent total general fund revenues or 16.67 percent total general fund operating expenditures). This policy was first established in fiscal year 2007/2008 and the general fund unreserved, undesignated fund balance was 1.93 percent of total general fund operating expenditures. Along with the policy the City Council has a five year funding plan to bring the general fund into compliance with this policy.

In 2007/2008 the City completed the design phase of a 1.5 million gallon expansion to the City's wastewater treatment plant. This expansion was needed because of the potential build out of several new subdivisions within the service area. The estimated cost of the expansion was \$27 million dollars all of which was to be financed through a loan or bond issuance. Due to the significant slowdown in the residential housing market the subdivisions under construction have significantly slowed or temporarily stopped construction. This has pushed out the need for the wastewater plant expansion for an additional five to seven years. In 2009/2010 the City started construction work on a portion of the expansion encompassing a new sludge centrifuge and related electrical upgrades. This project was budgeted at a cost of \$2,000,000 and is being paid for with a Federal American Reinvestment and Recovery (ARRA) grant. This project is on track to be completed within fiscal year 2010/11.

The City of Wasco also received \$4,100,000 Federal ARRA Grant for the purchase and installation of water meters throughout the entire city. The project includes roughly 2,850 new water meters. Construction began on this project in

2009/10 and should be completed by January 2011. Once completed, the City of Wasco will be a fully metered community. Not only will this project prepare the City for the upcoming California State Law requiring water meters but this project also helps to encourage and promote water conservation throughout the community.

The City of Wasco contracts for policing services with the Kern County Sheriff's Department. This five year service contract was set to expire on June 30, 2010. Over the past five years the City has been subject to large increases in this contract costs so, in preparation for the contract expiration, the City conducted a police services analysis. This analysis identified the current policing needs within the community and compared the cost of meeting these needs with a City Police Department or under contract with Kern County or other neighboring cities. The end result of this analysis supported continuing under contract with the Kern County Sheriff's Department but with a new contract to control long term costs and increase accountability. This contract renewal was successfully negotiated to implement these recommendations and should provide long term community safety with limited annual cost increases.

The City of Wasco, like many California cities, is faced with escalating cost of public services and reductions in revenue sources. Operating in this environment has led the City Council and management to begin working on a City Wide Long Term Vision and Strategic Plan. A private contractor is currently being selected to work with the City and the Community to develop this plan that will outline the future of the City. This will be a key project over the next year and the resulting plan will act as a guide for all city projects, funding, and resource allocation to help insure the ongoing success and sustainability of the City.

### ***Relevant financial policies and practices***

Cash temporarily idle during the year was invested in the State Treasurer's Investment Pool – Local Agency Investment Fund (LAIF). LAIF is a very liquid investment pool. Funds can be obtained in one day. The City of Wasco received an average yield of 0.66% for fiscal year ended on June 30 2010. Additionally the City of Wasco invested \$1,000,000 into an investment pool account with the Central San Joaquin Valley Risk Management Authority (CSJVRMA). At June 30, 2010 this account was valued at \$1,028,921. The City of Wasco received an average yield of 1.72% for fiscal year ended on June 30 2010 on this investment.

It is the City of Wasco's policy that "onetime" resource inflows not be used for operating purposes. Accordingly, the City Council considers and approves individual projects for the use of "onetime" inflow funds.

## ***Risk Management***

The City of Wasco participates in a joint powers agreement with the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The CSJVRMA arranges for and provides property and liability insurance for its members. Each district member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the CSJVRMA. Additionally the City has one employee dedicated to risk management and risk mitigation. Additional information on the City of Wasco's risk management activity can be found in Note 11 of the notes to the financial statements.

## **Pension and other post employment benefits**

The City of Wasco participates in the Public Agency portion of the California Public Employees Retirement System (CalPERS). CalPERS is an agent for a multiple-employer plan, which acts as a common investment and agent for participating public employers within the State of California. The City of Wasco offers their employees 3 percent @ 60 plan. Active members are required to contribute 8.186 percent and the City of Wasco contributes 18.07 percent. In addition, the City of Wasco offers a 457 voluntary contribution plan. Additional information on the City of Wasco's pension plan and other post employment benefits can be found in Note 12 of the note to the financial statements.

## **Award and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wasco for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the sixth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

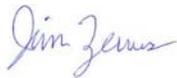
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City has received from the California Society of Municipal Finance Officers (CSMFO) a Certificate of Award in Excellence in Operational Budgeting for fiscal

year 2009/2010, which constitutes receipt of the award for ninth consecutive year.

The preparation of this report would not have been possible without the efficient and dedicated service of the Finance Department of the City of Wasco and the leadership of the Wasco City Council. I wish to express appreciation to all members of the City departments who assisted and contributed to the preparation of this report and to the staff's commitment to ongoing fiscal management and accountability at all levels of the organization.

Respectfully

A handwritten signature in blue ink that reads "Jim Zervis". The signature is written in a cursive, flowing style.

Jim Zervis  
City Manager

**CERTIFICATE OF ACHIEVEMENT FOR  
EXCELLENCE IN FINANCIAL REPORTING**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Wasco for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the 6th consecutive year that the City of Wasco has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Wasco  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink.

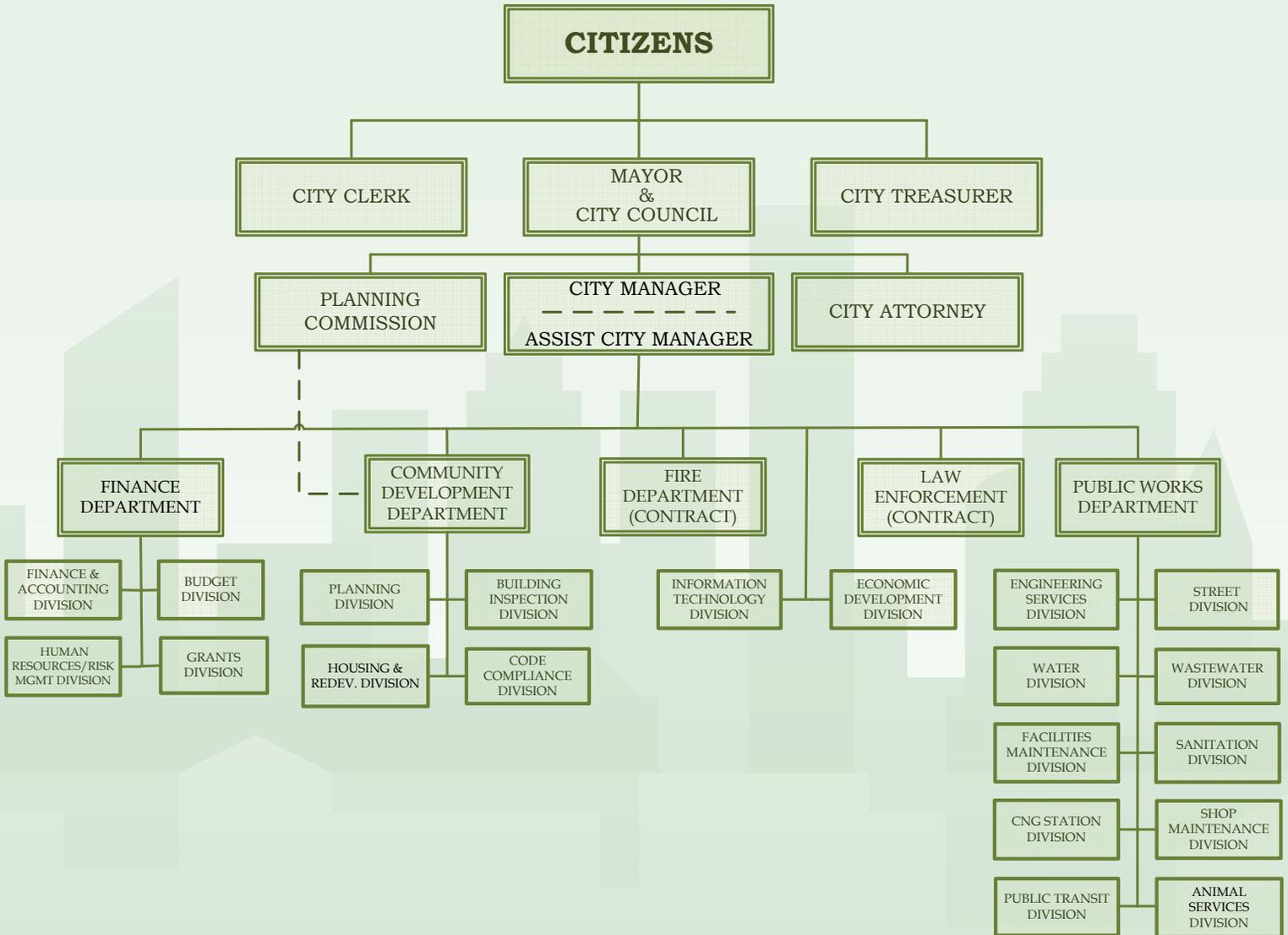
President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director



**CITY OF WASCO**  
**Organizational Chart**  
**Fiscal Year 2010/2011**





**•CITY COUNCIL•**

Danny Espitia., Mayor  
Joe Hively, Mayor Pro Tem  
Fred West Jr., Council Member  
Tilo Cortez, Council Member  
Cherylee Wegman, Council Member

**•CITY TREASURER•**

Rocío Mosqueda, Treasurer

**•CITY CLERK•**

Vickie Hight, City Clerk

**•PLANNING COMMISSION•**

Charles Santillan, Chair  
Jill Drescher, Vice Chair  
Jim Forrest, Commissioner  
Don Elholm, Commissioner  
Dwayne Hutson, Commissioner

**•ADMINISTRATIVE STAFF•**

Jim Zervis, City Manager  
Thomas F. Schroeter, City Attorney  
Dan Allen, Assistant City Manager  
(Vacant), Community Development Director  
Cmdr. Kenny Williams, N.Kern Division K.C.S.O  
Lt. Mike Kirkland, N. Kern Division K.C.S.O  
Sgt. Jim Craig, Wasco Police Services



INCORPORATED 1945

## FINANCIAL SECTION

The Financial Section of the Comprehensive Annual Financial Report contains the following.

- Independent Auditor's Report
- Required Supplementary Information- Management's Discussion and Analysis (MD and A)
- City's basic financial statement, which includes the following:
  - The Government-wide Financial Statements
  - Fund Financial Statements
  - Notes to Basic Financial Statements

*City of*



INCORPORATED 1945

# Albert & Associates, LLP

*Certified Public Accountants*

## Independent Auditor's Report

The Honorable Mayor and City Council of the  
City of Wasco, California:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wasco, California (City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wasco, California, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

AGRI-BUSINESS CENTER  
2235 Highway 46 • Suite 101 • Wasco, CA 93280  
Phone 661/758-1191 • 661/399-2236 • Fax 661/758-6195  
cpafirm@albert-cpa.com

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Albert & Associates, LLP*

Wasco, California  
October 12, 2010

## **City of Wasco Management's Discussion and Analysis**

As management of the City of Wasco, we offer readers of the City of Wasco's financial statements this narrative overview and analysis of the financial activities of the City of Wasco for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-7 of this report.

### **Financial Highlights**

- The assets of the City of Wasco exceeded its liabilities at the close of the most recent fiscal year by \$46,025,552 (net assets). Of this amount, \$1,732,102 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental Activity unrestricted net assets is a deficit of (\$125,377) as a result legal defense and settlement expenses for year of \$1,337,223. It is anticipated the deficit will be eliminated in the next fiscal year through normal operations.
- Business-Type Activities had unrestricted net assets totaling \$1,857,479.
- The government's total net assets increased by \$3,686,389. Approximately 73 percent of this increase is attributable to a one time infusion of resources from American Recovery and Reinvestment Act (ARRA) grant funded capital improvements.
- As of the close of the current fiscal year, the City of Wasco's governmental funds reported a combined ending fund balances of \$10,949,595 which is a decrease of (\$130,786) over the prior year.
- At the end of the current fiscal year, unreserved, fund balance for the general fund was \$224,333 or 3.7 percent of total general fund expenditures.
- The City of Wasco's total long-term liabilities decreased by \$446,187 (6.46 percent) during the current fiscal year. This net change includes a \$27,136 increase based changes to accrued compensated absences, a \$750,000 increase based on a legal settlement agreement, and a \$1,223,323 reduction based on normal debt service payments.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Wasco's basic financial statements. The City of Wasco's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City of Wasco's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Wasco's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Wasco is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City of Wasco that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Wasco include general government, public safety, public works, and community development. The business-type activities of the City of Wasco include water reclamation and sewer, water utility, refuse collection and disposal, public transportation, and a compressed natural gas (CNG) fueling station.

The government-wide financial statements include not only the City of Wasco itself (known as the primary government), but also the legally separate Wasco Redevelopment Agency and the legally separate Wasco Public Financing Authority for which the City of Wasco is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. In addition being included within this report as a component unit, the Wasco Redevelopment Agency has separately issued financial statements that can be made available upon request.

The government-wide financial statements can be found on pages 28-29 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Wasco maintains thirty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of

revenues, expenditures, and changes in fund balance for the general fund, street fund, BEGIN grant fund, RDA capital projects fund, and RDA debt service fund, all of which are considered to be major funds. Data from the twenty-six non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are provided in the form of combining statements elsewhere in this report.

The City of Wasco adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statement can be found on pages 30-33 of this report.

**Proprietary funds.** The City of Wasco maintains five different proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Wasco uses enterprise funds to account for its water reclamation and sewer, water utility, refuse collection and disposal, public transportation, and compressed natural gas (CNG) fueling station.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Information is presented separately in the proprietary fund balance sheet and in the proprietary fund statement of revenues, expenditures, and changes in fund balance for the water reclamation and sewer, water utility, refuse collection and disposal, public transportation, and compressed natural gas (CNG) fueling station all of which are considered to be major funds.

The basic proprietary fund financial statements can be found on pages 34-36 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Wasco's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 37 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38-62 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Wasco's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 64 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 67-107 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Wasco, assets exceeded liabilities by \$46,025,552 at the close of the most recent fiscal year.

By far one of the largest portions of the City of Wasco's net assets (73 percent) reflects its investment in capital assets (e.g., land, building, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Wasco uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Wasco's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Wasco's Net Assets

	Governmental activities		Business - type activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 13,766,045	\$ 13,721,184	\$ 5,315,259	\$ 5,328,675	\$ 19,081,304	\$ 19,049,859
Capital assets	16,241,123	15,418,798	20,910,313	17,979,380	37,151,436	33,398,178
<b>Total Assets</b>	<b>30,007,168</b>	<b>29,139,982</b>	<b>26,225,572</b>	<b>23,308,055</b>	<b>56,232,740</b>	<b>52,448,037</b>
Long-term liabilities						
outstanding	2,511,022	2,739,258	2,887,249	3,275,562	5,398,271	6,014,820
Other liabilities	3,563,290	3,010,537	1,245,627	1,083,517	4,808,917	4,094,054
<b>Total Liabilities</b>	<b>6,074,312</b>	<b>5,749,795</b>	<b>4,132,876</b>	<b>4,359,079</b>	<b>10,207,188</b>	<b>10,108,874</b>
Net assets:						
Invested in capital assets,						
net of related debt	15,803,696	12,510,864	17,695,865	14,170,116	33,499,561	26,680,980
Restricted	8,254,537	9,943,281	2,539,352	2,832,699	10,793,889	12,775,980
Unrestricted	(125,377)	936,042	1,857,479	1,946,161	1,732,102	2,882,203
<b>Total net assets</b>	<b>\$ 23,932,856</b>	<b>\$ 23,390,187</b>	<b>\$ 22,092,696</b>	<b>\$ 18,948,976</b>	<b>\$ 46,025,552</b>	<b>\$ 42,339,163</b>

An additional portion of the City of Wasco's net assets, \$10,793,889 or 23 percent of net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net \$1,732,102 may be used to meet the government's ongoing obligations to citizens and creditors (see Note 9).

The decrease in the restricted portion of net assets between fiscal year 2009 and 2010 is the result of utilization of reserved tap/impact fees and restricted funds for applicable capital improvement projects.

At the end of the current fiscal year, the City of Wasco is able to report positive balances in all three categories of net assets as a whole, and except as noted below, as well as for its separate governmental and business-type activities. Governmental Activity unrestricted net assets is a deficit of (\$125,377) as a result legal defense and settlement costs for year totaling \$1,337,223. It is anticipated the deficit will be eliminated in the next fiscal year through normal operations. No deficit balances in net assets occurred in the prior fiscal year.

There was an increase of \$3,143,720 in net assets reported in connection with the City of Wasco's business-type activities. Almost 112% of this increase was related to the investment in capital assets net of related debt as a result of regular debt payments (17%), and grant funded capital expansion (86%). Almost -3% of the change occurred within the unrestricted net asset category consisting of the result of revenues in excess of expenses less unrestricted funds invested in capital assets. The remaining -9% of the net change is a net decrease in restricted net assets due to qualified expenses in excess of the collection of tap fees.

The government's net assets increased by \$542,669 during the current fiscal year. About 303 percent of this increase represents capital assets funded through capital grants and contributions in excess of current year depreciation. About -75 percent of the increase represents one-time ERAF payment made from the Wasco Redevelopment Agency at the direction of the State of California. About -246 percent was the result of non-recurring and excessive legal defense and settlement charges in the current year. About 18 percent of the increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses.

**Governmental activities.** Governmental activities increased the City of Wasco's net assets by \$542,699, thereby accounting for 15 percent of the total growth in the net assets of the City of Wasco. Key elements of this increase are as follows:

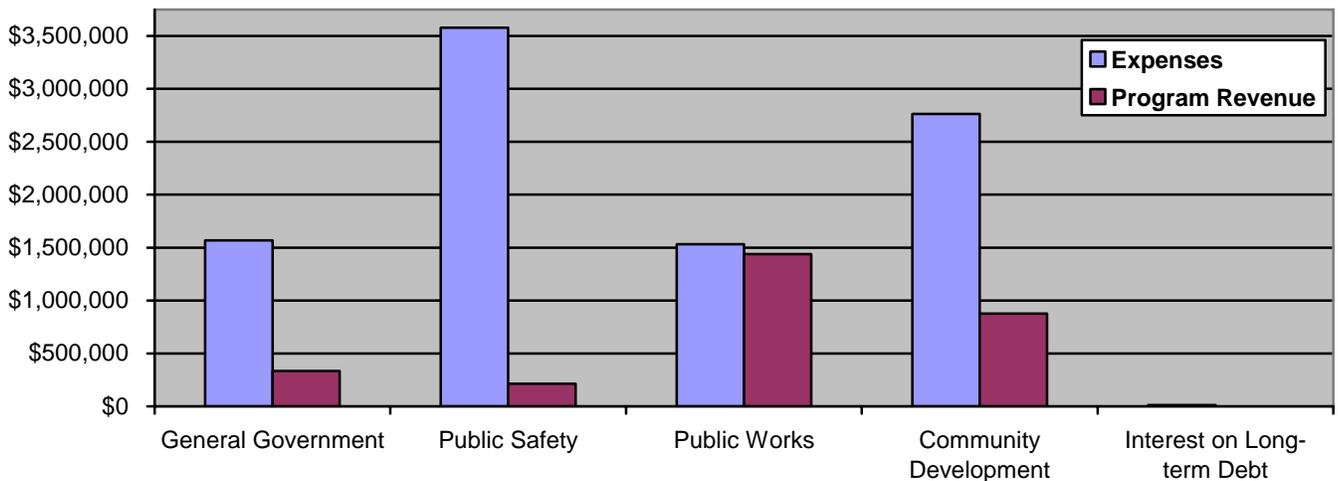
**City of Wasco's Changes in Net Assets**

	Governmental activities		Business - type activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for service	\$ 676,210	\$ 723,971	\$ 6,475,630	\$ 6,587,335	\$ 7,151,840	\$ 7,311,306
Operating grants and contributions	591,144	1,675,519	134,164	52,264	725,308	1,727,783
Capital grants and contributions	1,594,418	2,715,349	2,700,005	623,151	4,294,423	3,338,500
<b>General revenues:</b>						
Property taxes	2,280,139	2,445,512	-	-	2,280,139	2,445,512
Sales taxes	1,022,594	1,171,253	-	-	1,022,594	1,171,253
Motor vehicle in-lieu tax	2,091,777	2,286,558	-	-	2,091,777	2,286,558
Other taxes	1,479,877	1,754,463	-	-	1,479,877	1,754,463
Grants and contributions not restricted to specific programs:	25,384	46,344	-	-	25,384	46,344
Other	91,421	66,566	-	-	91,421	66,566
<b>Total revenues</b>	<b>9,852,964</b>	<b>12,885,535</b>	<b>9,309,799</b>	<b>7,262,750</b>	<b>19,162,763</b>	<b>20,148,285</b>
<b>Expenses:</b>						
General government	1,569,457	773,807	-	-	1,569,457	773,807
Public safety	3,579,625	3,391,570	-	-	3,579,625	3,391,570
Public works	1,533,151	1,360,646	-	-	1,533,151	1,360,646
Community development	2,761,874	2,476,389	-	-	2,761,874	2,476,389
Interest on long-term debt	11,188	11,033	-	-	11,188	11,033
Water redemption and sewer	-	-	1,468,349	1,711,734	1,468,349	1,711,734
Water utility	-	-	1,935,479	1,928,413	1,935,479	1,928,413
Refuse collection and disposal	-	-	2,191,694	2,166,436	2,191,694	2,166,436
Public transportation	-	-	358,173	361,277	358,173	361,277
CNG fueling station	-	-	67,384	68,755	67,384	68,755
<b>Total expenses</b>	<b>9,455,295</b>	<b>8,013,445</b>	<b>6,021,079</b>	<b>6,236,615</b>	<b>15,476,374</b>	<b>14,250,060</b>
Increase in net assets before transfers	397,669	4,872,090	3,288,720	1,026,135	3,686,389	5,898,225
Transfers	145,000	221,434	(145,000)	(221,434)	-	-
<b>Increase in net assets</b>	<b>542,669</b>	<b>5,093,524</b>	<b>3,143,720</b>	<b>804,701</b>	<b>3,686,389</b>	<b>5,898,225</b>
Net assets July 1, 2009	23,390,187	18,296,663	18,948,976	18,144,275	42,339,163	36,440,938
Net assets, June 30, 2010	\$ 23,932,856	\$ 23,390,187	\$ 22,092,696	\$ 18,948,976	\$ 46,025,552	\$ 42,339,163

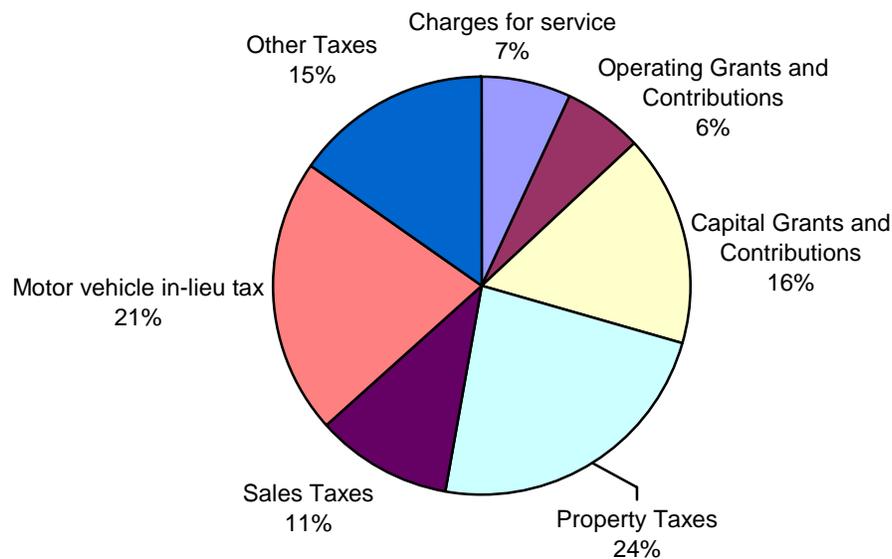
- Property taxes decreased by -\$165,373 or -6.76 percent during the year. This decrease is the result of reductions in tax valuations by the Kern County Assessor's office and reduced selling prices on resale homes.
- Motor vehicle in-lieu tax decreased by -\$194,781 or -8.52 percent during the year. The decrease is attributable to declining property values.
- Sales tax decreased by -\$148,659 or -12.69 percent during the year. The decrease is attributable to gasoline sales price declining over the prior year.

- Operating contributions and grants decreased by -\$1,002,475 or -58 percent due to lower funding of several community development grants received for low income housing rehabilitation and first time home buyer programs awarded in the prior year.
- Capital contributions and grants increased by \$955,923 or 28 percent. The increase was attributed to three federally funded ARRA grants totaling \$7.15 Million partially received and expended in the current year.
- Other taxes decreased by \$274,586 or 15 percent largely due to deferred gas tax payments received last year thus increasing the prior year award.
- Charges for Service decreased by \$159,466 or 2 percent due to the economic recession and the drop off of new construction.

**Expenses and Program Revenue - Governmental Activities**



**Revenue by Source - Governmental Activities**



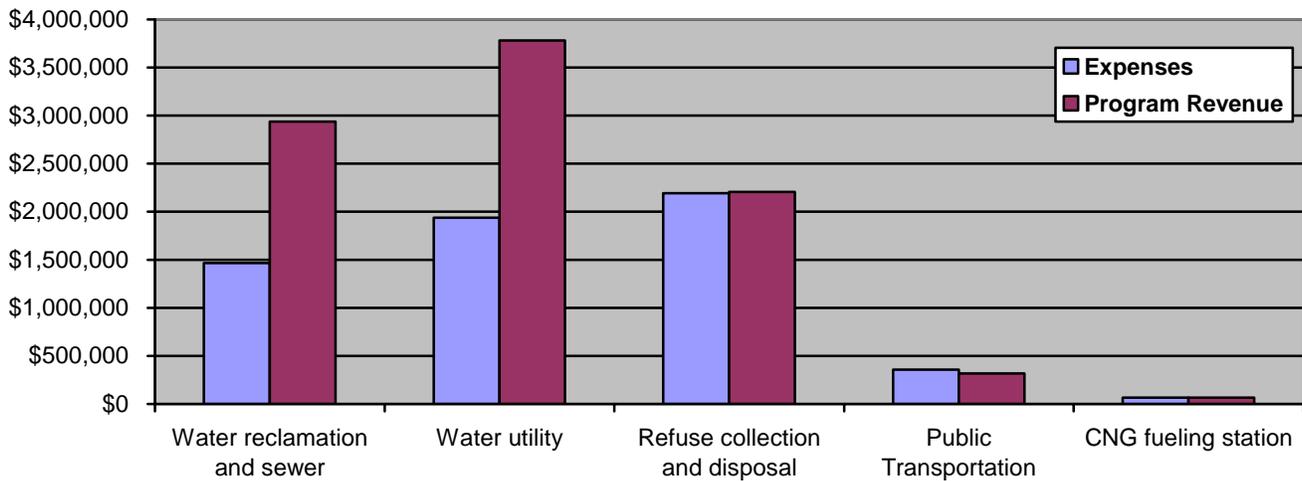
For the most part, decreases in expenses closely paralleled inflation and reductions in the demand for services. Over the past year the City of Wasco experienced a 6.6 percent reduction in governmental activity charges for service as a result of the economic recession and housing

market collapse. In anticipation of this decline in revenues the City made significant budget cuts in all governmental activities. As a result the City was able to maintain a balanced ongoing operational budget and avoid any structural deficits. An increase in grant funded activities helped to keep funding available for public infrastructure improvements over the course of the year.

**Business-type activities.** Business-type activities increased the City of Wasco’s net assets by \$3,143,720 or 85.28 percent of the total growth in the net assets of the City of Wasco. Key elements of this increase are a follows:

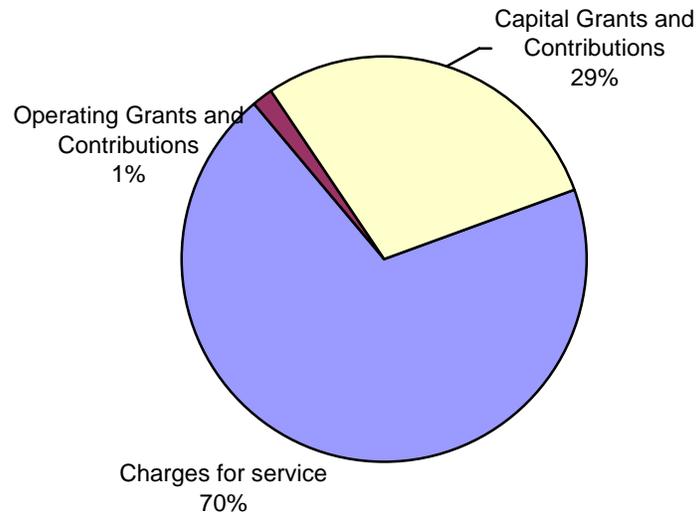
- The City of Wasco received a total of \$2,700,005 in one time federal American Recovery and Reinvestment Act capital grants throughout the year accounting for 86 percent of the increase.
- The City of Wasco received \$87,441 from one time tap fees relating to new development during the year accounting for 3 percent of the increase.
- The balance of the increase, roughly 11 percent, was the result of net revenues exceeding expenses.

**Expenses and Program Revenue - Business-type Activities**



---

## Revenue by Source - Business-type Activities



---

## Financial Analysis of the Government's Funds

As noted earlier, the City of Wasco uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Wasco's governmental funds is to provide information on near-term inflows, outflows, and balance of spendable resources. Such information is useful in assessing the City of Wasco's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Wasco's governmental funds reported combined ending fund balances of \$10,949,595, a decrease of -\$130,786 in comparison with the prior year. Approximately 47 percent of this total amount (\$5,177,144) constitutes unreserved, undesignated fund balance in various funds, which is available for spending at the government's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed 1) to notes receivable, mostly accumulated from housing grant loans (\$3,154,023), 2) to land held for resale within the Wasco Redevelopment Agency (\$1,678,595), 3) to pay debt service (\$216,703), 4) to liquidate prepaid expenses and other deferred charges (\$334,362), and 4) to capital improvements (\$388,798).

The general fund is the chief operating fund of the City of Wasco. The City's General Fund had expenditures exceeding revenues in the amount of -\$725,076 reducing the City's general fund balance from \$988,488 to \$263,412 including \$39,079 of reserved fund balance which is not available for spending while \$224,333 is designated for capital improvements but could be reappropriated by the local government if necessary to meet current fiscal needs. The annual deficit is not the result of ongoing operations but is directly related to legal defense and settlement expenditures totaling \$987,723 for a federal law suit that occurred in the current year. This litigation was settled by the City in June, 2010 and will not be an ongoing drain on the City financial resources. As a measure of the general funds liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved,

undesignated fund balance represents 0 percent of total general fund expenditures, while total fund balance represents 4 percent of the same amount.

The fund balance of the City of Wasco's general fund decreased by (\$725,076) during the current fiscal year. Key factors in this increase are as follows:

- Legal expenses of \$987,723 resulting from litigation exceeding original estimates of \$450,000 and accounting for 136 percent of the decrease in unreserved, undesignated fund balance in the general fund.
- Ongoing general fund operational revenues exceeding ongoing operational expenditures by \$262,647.

The streets fund is used to account for repairs, maintenance, and capital improvement projects to streets and roads within the City of Wasco. At the end of the current fiscal year, unreserved, undesignated fund balance of the street fund was \$1,018,870 while total fund balance reached \$1,190,697. The street fund is classified as a special revenue fund because the primary funding sources are legally restricted for use only on streets and roads.

The fund balance of the City of Wasco's street fund increased by \$254,379 during the current fiscal year. Key factors in this increase are as follows:

- The City received \$230,270 from the State of California for Traffic Congestion Relief funding. Payment of these funds was delayed until the fourth quarter of the year and will be spent in the next fiscal year.
- The City Council budgeted to reserve \$20,000 in current year funding for the Storm Drain System Reserve which increased unreserved, designated fund balance.

The BEGIN grant fund is used to account for the City of Wasco's Building Equity and Growth In Neighborhood (BEGIN) grant that was awarded in a prior fiscal year. This program assists with low income owner occupied home loans. At the end of the current fiscal year, unreserved, undesignated fund balance of the BEGIN grant fund was \$36,594 while total fund balance reached \$146,151. The BEGIN grant fund is classified as a special revenue fund due to the legal restrictions on the grant funds.

The fund balance of the City of Wasco's BEGIN grant fund increased by \$4,701 during the current fiscal year. Key factors in this increase are as follows:

- Interest earned on deposited funds and outstanding loans increased fund balance by \$5,661.
- Administration expenses related to loans payments totaled \$960.

The RDA capital projects fund is the main operating fund of the Wasco Redevelopment Agency, a component unit of the City of Wasco. At the end of the current fiscal year, unreserved, undesignated fund balance of the RDA capital projects fund was \$369,981 while total fund balance reached \$2,331,783.

The fund balance of the Wasco Redevelopment Agency's RDA capital projects fund decreased by \$58,101 during the current fiscal year. Key factors in this decrease are as follows:

- The amortization of deferred charges reduced fund balance by \$37,494.

- The RDA capital projects fund funded facade improvement grants, community infrastructure projects, and economic development activities amounting to \$370,907 during the year and was reimbursed \$349,263 in funds from the RDA debt service fund for these activities, resulting in a reduction in fund balance of \$21,644.

The RDA debt service fund is the fund designated to receive all tax increment for the Wasco Redevelopment Agency, a component unit of the City of Wasco. At the end of the current fiscal year, unreserved, designated fund balance of the RDA debt service fund was \$0 while total fund balance reached \$216,703.

The fund balance of the Wasco Redevelopment Agency's RDA debt service fund decreased by \$370,876 during the current fiscal year. Key factors in this increase are as follows:

- The State of California required a onetime payment of \$406,428 by the Agency to the States Supplemental ERAF account, thus reducing fund balance.
- The receipt of tax increment for redevelopment decreased by \$195,267 due to reduced property assessed valuations within the project area.
- Pass-thru payment expense decreased by \$52,225 compared to the prior year due to the decreased receipt of tax increment revenues.
- Low/Moderate income housing set-aside transfers decreased by \$38,810 compared to the prior year due to the decreased receipt of tax increment revenues.
- The RDA debt service fund reimbursement to the RDA capital projects fund for facade improvement grants, community infrastructure projects, and economic development activities was reduced by \$197,963 compared to the prior year.

The City of Wasco doesn't have a debt service fund nor does the City have any operating leases.

The total debt under governmental activities is \$3,144,136 (See Note 9). The components of this amount are as follows;

- Compensated Absences in the amount of \$114,709
- Wasco Public Financing Authority Revenue Bonds of \$375,000. Bonds issued for south side infrastructure.
- Wasco Public Financing Authority Tax Allocation Bond debt of \$1,900,000. Bonds used to construct the industrial park.
- Other Long –Term Debt – a 3 percent promissory note with CALHFA for \$342,000
- Other Long –Term Debt – a no interest legal settlement agreement for \$350,000
- Other Long –Term Debt – a 4.35 percent note payable to Municipal Finance Corporation for \$46,059 used to finance a new dump truck.
- Other Long –Term Debt –a 5.146 percent note payable to Key Government Finance, Inc. for \$16,368 used to finance telephone equipment

**Proprietary funds.** The City of Wasco's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the water reclamation and sewer operation amounted to \$908,536, water utility amounted to \$783,969, refuse collection and disposal amounted to \$146,854, public transportation amounted to \$45,430, and CNG fueling station amounted to a negative (\$27,310). The total growth in net assets for the Proprietary Funds was \$1,383,034, \$1,785,889,

\$14,586, (\$40,075) and 286 respectively. Other factors concerning the finances of the Proprietary Funds have already been addressed in the discussion of the City of Wasco's business-type activities.

### **General Fund Budgetary Highlights**

The City of Wasco adopts annual appropriated operating budgets for its governmental funds (General fund, special revenue funds, streets and non-major governmental funds) and reports the results of operations on a budget comparison basis.

In preparing its budget, the City of Wasco attempts to estimate its revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner. As a result, the City Council adopts budget and makes adjustments during the course of the fiscal year to reflect both changed priorities and availability of additional revenues to allow for expansion of existing programs. During the course of the year, the City Council amended the originally adopted budget to reappropriated prior year approved projects and expenditures, as well as approving many other adjustments for the current year.

The general fund reflected a net total unfavorable budget variance of \$742,184 when comparing actual amounts to the final budget for the current fiscal year. This negative budget variance reflects revenue realization higher than estimates of \$126,560, expense realization higher than budget by \$837,439, and net transfers-in and loan proceeds lower than budget by \$31,305. The higher than budgeted expenses included three significant items that were approved by the City Council but are not reflected in the original or amended budget. These three items include the following. First, litigation defense cost totaling \$587,723 was included with other legal fees for a total annual legal cost of \$777,091. This expenditure ran \$327,091 over budget. Second, the settlement cost of litigation in accordance with the settlement agreement costing \$400,000 was accounted for under liability claims expense but was not included in the annual budget. Third, the Capital Outlay account was used to account for a transaction where the City traded the land underneath the Wasco Veterans Hall to Kern County in exchange for a Kern County administration building at 810 8th Street, Wasco CA. For accounting purposes this transaction was valued at \$250,000 and recorded both a revenue and expenditure item. The remaining net favorable (positive) budget variance of \$139,652 is the result of lower expense realization from spending reductions across various departments.

### **Capital Asset and Debt Administration**

**Capital Assets.** The City of Wasco's investment in capital assets for its governmental and business type activities as of June 30, 2010, amounts to \$37,151,436 (net of accumulated depreciation). This investment in capital assets includes land, building and systems, improvements, machinery and equipment, automobiles, roads, highways and infrastructure. The total increase in the City of Wasco's investment in capital assets for the current fiscal year was 16 percent (a 9 percent increase for governmental activities and a 21 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- The government acquired an administration building from Kern County located at 810 8<sup>th</sup> Street, Wasco CA, valued at \$250,000.

- The government invested \$947,792 in the reconstruction of Poso Avenue phases I and II. This project was funded through a grant from the federal American Recovery and Reinvestment Act (“ARRA”) thus increasing governmental capital assets.
- The construction of the Annin Ave. Sports Fields increased governmental assets by \$208,578.
- The acquisition of two electric and one hybrid public transit vehicles increase business type capital assets by \$58,188.
- A new sanitation truck was purchased this year increasing business-type capital assets by \$217,939.
- Various water wells were upgraded this year increasing business-type capital assets by \$261,803.
- The digester #1 lid at the wastewater treatment plant was repaired increasing business-type capital assets by \$149,081
- A City-wide water meter installation project continued this year resulting in an increase of business-type capital assets of \$2,144,432. This project was funded through a grant from the federal American Recovery and Reinvestment Act (“ARRA”)
- A sludge centrifuge installation project was commenced at the wastewater treatment plant increasing business-type capital assets by \$916,891. This project was funded through a grant from the federal American Recovery and Reinvestment Act (“ARRA”)

#### City of Wasco's Capital Assets

	Governmental activities		Business - type activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,125,698	\$ 1,025,698	\$ 287,323	\$ 287,323	\$ 1,413,021	\$ 1,313,021
Construction in Process	209,157	-	3,252,437	325,504	3,461,594	325,504
Land Improvements	8,038,140	6,904,763	7,069,261	6,481,954	15,107,401	13,386,717
Building and Improve.	2,346,880	2,346,880	14,796,104	14,796,104	17,142,984	17,142,984
Infrastructure	10,136,257	10,136,257	5,626,393	5,626,393	15,762,650	15,762,650
Machinery and Other	1,337,391	1,349,682	3,199,790	3,133,793	4,537,181	4,483,475
Vehicles	973,372	976,572	2,875,429	2,607,472	3,848,801	3,584,044
Accumulated Depreciation	(7,925,772)	(7,321,054)	(16,196,424)	(15,279,163)	(24,122,196)	(22,600,217)
Total Net Capital Assets	\$ 16,241,123	\$ 15,418,798	\$ 20,910,313	\$ 17,979,380	\$ 37,151,436	\$ 33,398,178

Additional information on the City of Wasco’s capital assets can be found in note 7 on pages 53-54 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Wasco had total bonded debt outstanding of \$2,275,000. Of this amount, \$1,900,000 were tax allocation bonds and \$375,000 were revenue bonds issued for infrastructure improvements. Other long – term debt consists of promissory note payable to the California Housing Finance Housing Authority of \$342,000 and a \$350,000 legal settlement agreement payable over four years. Under Notes Payable category there is a note payable to the State of California for the expansion of the wastewater treatment plant of \$2,535,492 and a note payable to the State of California for storm drainage infrastructure of \$312,060. Under capital leases there is a lease payable to Municipal Finance Corporation for the purchase of garbage truck for \$83,665, a \$53,152 capital lease payable to Municipal Finance Corporation which is collateralized by a compact wheel loader, a \$151,309 capital lease payable to Municipal Finance Corporation which is collateralized by a sanitation bin

truck, a \$78,770 capital lease payable to Municipal Finance Corporation which is collateralized by a roll off truck, a \$16,368 capital lease to Key Government Finance, Inc. collateralized by telephone equipment, and a \$46,059 capital lease payable to Municipal Finance Corporation which is collateralized by a dump truck. Under the compensated absences there is a total of \$217,546 (see note 9).

#### City of Wasco's Outstanding Debt

	Governmental activities		Business - type activities		Total	
	2010	2009	2010	2009	2010	2009
Tax Allocation Bonds	\$ 1,900,000	\$ 2,065,000	\$ -	\$ -	\$ 1,900,000	\$ 2,065,000
Revenue Bonds	375,000	405,000	-	215,000	375,000	620,000
Notes Payable	-	-	2,847,552	3,101,529	2,847,552	3,101,529
Other Long-Term Debt	692,000	342,000	-	-	692,000	342,000
Capital Leases	62,427	95,934	366,896	492,735	429,323	588,669
Compensated Absences	114,709	93,404	102,837	97,006	217,546	190,410
<b>Total Debt</b>	<b>\$ 3,144,136</b>	<b>\$ 3,001,338</b>	<b>\$ 3,317,285</b>	<b>\$ 3,906,270</b>	<b>\$ 6,461,421</b>	<b>\$ 6,907,608</b>

The only new debt issued by the City of Wasco governmental activities was through a legal settlement agreement totaling \$750,000. Of this amount \$400,000 was paid in the current year and the balance was due over four years with a zero percent interest rate. The City of Wasco business-type activities issued no new debt in 2010.

The City of Wasco general fund has no bonds. The Wasco Redevelopment Agency has revenue bonds secured by tax increment, which proceeds were used to construct a 72 acre industrial park; these revenue bonds are not rated. The Water Reclamation and Sewer operation has a 1999 Refunding bond rated "AAA". All other bonds are tax allocation bonds and are passed through the Wasco Public Finance Authority (see Note 13 for more information). These bonds are not rated.

Additional information on the City of Wasco's long term debt can be found in Note 9 on pages 55-58 of this report.

#### **Economic Factors and Next Year's Budgets General Fund Budget**

- The unemployment rate for the City of Wasco is currently 26.1 percent this percentage has increased by 0.3 percent from the pervious fiscal year. This percentage is well above Kern Counties unemployment rate of 14.4 percent and the State of California's unemployment rate of 12.4 percent.
- The city's residential construction is beginning to show signs of recovery. Seven partially developed new subdivisions had been stagnant in stages of default or foreclosure for several years. Four of these subdivisions are now renewing building permits or have restarted construction of public improvements. This is expected to increase future inspection, permit, connection, and building fees.
- Commercial construction along highway 46 was booming only a few years ago but has slowed significantly. There a few projects including a big box retailer in the planning review process but none of these projects are expected to be under construction within

the next year. As such no new sales tax generators are expected to impact next year's budget.

- As a result of several years of reductions in housing prices and general slow down in the housing market, the city is expecting to experience a reduction of 3.0 to 3.5 percent in general fund property tax revenues.
- Last year the California State legislature passed a budget that will require an additional shift of redevelopment funds to the State's supplemental ERAF fund in the amount of \$83,676 in the next year.
- The city is estimating a citywide growth rate of roughly 1.0 percent which would increase user fees for water, sewer, and refuse business-type activities.
- The city and employee bargaining unit have agreed to no cost of living adjustments or other raises for next year.
- The city council has not authorized any new employees or promotions that would affect next year's budget.

All these factors were considered in preparing the City of Wasco's budget for fiscal year 2011.

2009-10 proved to be a financially difficult year due to an ongoing federal law suit that went to trial and was subsequently settled during the year. The current year legal defense costs and settlement fees totaled roughly \$987,723 and drained the city's general fund reserves and fund balance. Although the case has been settled the city is pursuing recovery of this cost through the city's insurance coverage. Regardless of any cost recovery in this regard, the city has reduced operating costs and has passed a FY2010-11 budget that will rebuild liquidity and unreserved undesignated fund balance within the general fund. City Council has adopted a balanced budget and proactively include a plan to, over the next few years, bring the general fund balance to a minimum of 15% of general fund operating revenues or two months of general fund operating expenses, roughly \$1,000,000

**Government Activities Revenues.** The City of Wasco developed its FY2010-11 budget projecting a decrease of -\$138,947 or -2.15 percent in general fund revenues of \$6,326,675. These amounts reflect revenues derived from a conservative estimate for declining property related revenue streams, stagnant sales related revenues, and reduced residential development fees.

**Government Activities Expenditures.** The City of Wasco's general fund operating budget for FY 2010-11 reflects a decrease in expenditures of -\$87,137 or 1.37 percent, excluding prior year litigation costs. This decrease is net certain increases in expenditures related to the cost of public safety and fire services.

City-wide staffing was approved at 58 full time employees for FY2010-11. There has been no change in the approved staffing levels from the prior year. These numbers do not include law enforcement or fire services as these functions are provided under contract with Kern County.

### **Request for Information**

This financial report is designed to provide a general overview of the City of Wasco's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager, 764 E Street, Wasco, CA 93208.

*City of*



INCORPORATED 1945

*City of*



INCORPORATED 1945

Basic Financial Statements

*City of*



INCORPORATED 1945

**City of Wasco**  
**STATEMENT OF NET ASSETS**  
**June 30, 2010**

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Current Assets:			
Cash and Investments	\$ 7,578,160	\$ 3,832,107	\$ 11,410,267
Receivables, net	963,369	1,508,592	2,471,961
Prepaid Expenses	51,651	32,095	83,746
Internal Balances	57,535	(57,535)	-
Land Held For Resale	1,678,595	-	1,678,595
	<hr/>	<hr/>	<hr/>
Total Current Assets	10,329,310	5,315,259	15,644,569
Noncurrent Assets:			
Capital Assets:			
Land	1,125,698	287,323	1,413,021
Construction in Progress	209,157	3,252,437	3,461,594
Depreciable Buildings, Property, Equipment and Infrastructure, net of accumulated depreciation	14,906,268	17,370,553	32,276,821
Notes Receivable	3,154,023	-	3,154,023
Deferred Charges	282,712	-	282,712
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets	19,677,858	20,910,313	40,588,171
	<hr/>	<hr/>	<hr/>
Total Assets	30,007,168	26,225,572	56,232,740
<b>Liabilities:</b>			
Current Liabilities:			
Accounts Payable	1,478,392	624,291	2,102,683
Accrued Liabilities	147,987	45,064	193,051
Deposits Received	21,711	54,335	76,046
Unearned Revenue	1,282,087	91,901	1,373,988
Compensated Absences	42,442	38,050	80,492
Bonds and Notes Payable Due Within One Year	590,671	391,986	982,657
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	3,563,290	1,245,627	4,808,917
Noncurrent Liabilities:			
Bonds and Notes Payable Due in More Than One Year	2,438,755	2,822,462	5,261,217
Compensated Absences	72,267	64,787	137,054
	<hr/>	<hr/>	<hr/>
Total Noncurrent Liabilities	2,511,022	2,887,249	5,398,271
	<hr/>	<hr/>	<hr/>
Total Liabilities	6,074,312	4,132,876	10,207,188
<b>Net Assets:</b>			
Invested in Capital Assets, net of related debt	15,803,696	17,695,865	33,499,561
Restricted For:			
Streets and Roads	2,584,149	-	2,584,149
Community Development	5,453,685	-	5,453,685
Capital Projects	-	2,061,642	2,061,642
Debt Service	216,703	477,710	694,413
Unrestricted (Deficit)	(125,377)	1,857,479	1,732,102
	<hr/>	<hr/>	<hr/>
Net Assets	\$ 23,932,856	\$ 22,092,696	\$ 46,025,552

The accompanying notes are an integral part of these financial statements.

**City of Wasco**  
**STATEMENT OF ACTIVITIES**  
Year ended June 30, 2010

Functions / Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 1,569,457	\$ 84,237	\$ -	\$ 250,000	\$ (1,235,220)	\$ -	\$ (1,235,220)
Public Safety	3,579,625	87,015	125,831	-	(3,366,779)	-	(3,366,779)
Public Works	1,533,151	93,122	-	1,344,418	(95,611)	-	(95,611)
Community Development	2,761,874	411,836	465,313	-	(1,884,725)	-	(1,884,725)
Interest on Long-Term Debt	11,188	-	-	-	(11,188)	-	(11,188)
<b>Total Governmental Activities</b>	<b>9,455,295</b>	<b>676,210</b>	<b>591,144</b>	<b>1,594,418</b>	<b>(6,593,523)</b>	<b>-</b>	<b>(6,593,523)</b>
Business-Type Activities:							
Water Reclamation and Sewer	1,468,349	2,177,630	-	758,753	-	1,468,034	1,468,034
Water Utility	1,935,479	1,840,116	-	1,941,252	-	1,845,889	1,845,889
Refuse Collection and Disposal	2,191,694	2,201,280	5,000	-	-	14,586	14,586
Public Transportation	358,173	210,992	107,106	-	-	(40,075)	(40,075)
CNG Fueling Station	67,384	45,612	22,058	-	-	286	286
<b>Total Business-Type Activities</b>	<b>6,021,079</b>	<b>6,475,630</b>	<b>134,164</b>	<b>2,700,005</b>	<b>-</b>	<b>3,288,720</b>	<b>3,288,720</b>
<b>Total</b>	<b>\$ 15,476,374</b>	<b>\$ 7,151,840</b>	<b>\$ 725,308</b>	<b>\$ 4,294,423</b>	<b>\$ (6,593,523)</b>	<b>\$ 3,288,720</b>	<b>\$ (3,304,803)</b>
General Revenues:							
Taxes:							
Property Tax					2,280,139	-	2,280,139
Sales Tax					1,022,594	-	1,022,594
Franchise Tax					310,000	-	310,000
State Allocation of Gas Tax					1,020,433	-	1,020,433
Other Taxes					149,444	-	149,444
Intergovernmental, Unrestricted:							
Motor Vehicle In-lieu Tax					2,091,777	-	2,091,777
<b>Total Taxes</b>					<b>6,874,387</b>	<b>-</b>	<b>6,874,387</b>
Unrestricted investment earnings					25,384	-	25,384
Miscellaneous					91,421	-	91,421
Transfers					145,000	(145,000)	-
<b>Total General Revenues and Transfers</b>					<b>7,136,192</b>	<b>(145,000)</b>	<b>6,991,192</b>
Change in Net Assets					542,669	3,143,720	3,686,389
Net Assets - Beginning					23,390,187	18,948,976	42,339,163
Net Assets - Ending					<b>\$ 23,932,856</b>	<b>\$ 22,092,696</b>	<b>\$ 46,025,552</b>

The accompanying notes are an integral part of these financial statements.

**City of Wasco**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**June 30, 2010**

	General	Streets	BEGIN Grant	RDA Capital Projects	RDA Debt Service	Non-Major Governmental Funds	Total Government
<b>Assets:</b>							
Cash and Investments	\$ 1,141,770	\$ 1,201,963	\$ 815,523	\$ 386,206	\$ 163,821	\$ 3,868,877	\$ 7,578,160
Receivables, net	374,694	265,799	1,071	108	59,611	262,086	963,369
Prepaid Costs	39,080	7,362	-	495	-	4,714	51,651
Due from Other Funds	187,615	125,564	-	-	-	341	313,520
Notes Receivable	-	-	109,557	-	-	3,044,466	3,154,023
Land Held for Resale	-	-	-	1,678,595	-	-	1,678,595
Deferred Charges	-	-	-	282,712	-	-	282,712
<b>Total Assets</b>	<b>\$ 1,743,159</b>	<b>\$ 1,600,688</b>	<b>\$ 926,151</b>	<b>\$ 2,348,116</b>	<b>\$ 223,432</b>	<b>\$ 7,180,484</b>	<b>\$ 14,022,030</b>
<b>Liabilities:</b>							
Accounts Payable	\$ 1,423,916	\$ 17,851	\$ -	\$ 487	\$ 6,729	\$ 29,409	\$ 1,478,392
Accrued Liabilities	34,120	140	-	-	-	-	34,260
Deposits Received	21,711	-	-	-	-	-	21,711
Due to Other Funds	-	-	-	15,846	-	240,139	255,985
Deferred Revenue	-	392,000	780,000	-	-	110,087	1,282,087
<b>Total Liabilities</b>	<b>1,479,747</b>	<b>409,991</b>	<b>780,000</b>	<b>16,333</b>	<b>6,729</b>	<b>379,635</b>	<b>3,072,435</b>
<b>Fund Balances:</b>							
Reserved For:							
Prepaid Costs	39,079	7,362	-	495	-	4,714	51,650
Notes Receivable	-	-	109,557	-	-	3,044,466	3,154,023
Land Held for Resale	-	-	-	1,678,595	-	-	1,678,595
Deferred Charges	-	-	-	282,712	-	-	282,712
Debt Service	-	-	-	-	216,703	-	216,703
Unreserved:							
Designated for Capital Improvements	224,333	164,465	-	-	-	-	388,798
Undesignated, Reported In:							
General Fund	-	-	-	-	-	-	-
Special Revenue Funds	-	1,018,870	36,594	-	-	3,751,669	4,807,133
Capital Projects Fund	-	-	-	369,981	-	-	369,981
<b>Total Fund Balances (Deficit)</b>	<b>263,412</b>	<b>1,190,697</b>	<b>146,151</b>	<b>2,331,783</b>	<b>216,703</b>	<b>6,800,849</b>	<b>10,949,595</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 1,743,159</b>	<b>\$ 1,600,688</b>	<b>\$ 926,151</b>	<b>\$ 2,348,116</b>	<b>\$ 223,432</b>	<b>\$ 7,180,484</b>	<b>\$ 14,022,030</b>

The accompanying notes are an integral part of these financial statements.

# City of Wasco

## RECONCILIATION OF THE FUND BALANCES OF GOVERNMENTAL FUNDS TO THE NET ASSETS OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS June 30, 2010

Fund balances of governmental funds		\$ 10,949,595
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the Governmental Funds Balance Sheet. However, the Statement of Net Assets includes those capital assets among the assets of the City as a whole.		
Beginning Balance, net of depreciation	\$ 15,418,798	
Current Year Additions	1,457,445	
Current Year Depreciation	<u>(635,120)</u>	
Ending Balance, net of depreciation		16,241,123
Accrued interest payable for the period between the final interest payment date and the end of the fiscal year is not reported as a liability in the governmental funds balance sheet.		(113,727)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the Governmental Funds Balance Sheet. All liabilities, both current and long-term, are reported in the Statement of Net Assets.		
Compensated Absences	(114,709)	
Long-Term Debt	<u>(2,679,426)</u>	
Total Long-Term Liabilities		(2,794,135)
The noncurrent portion of a legal settlement is not reported as a liability in the Governmental Funds Balance Sheet but is reported in the Statement of Net Assets.		<u>(350,000)</u>
Net assets of governmental activities		<u><u>\$ 23,932,856</u></u>

The accompanying notes are an integral part of these financial statements.

**City of Wasco**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS) – GOVERNMENTAL FUNDS**  
**Year ended June 30, 2010**

	General	Streets	BEGIN Grant	RDA Capital Projects	RDA Debt Service	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Taxes	\$ 4,214,212	\$ 230,270	\$ -	\$ -	\$ 1,521,316	\$ 502,630	\$ 6,468,428
Licenses & Permits	162,086	954	-	-	-	-	163,040
Intergovernmental	50,319	1,114,286	-	-	-	1,176,262	2,340,867
Charges for Services	329,925	-	-	-	-	45,954	375,879
Fines, Forfeitures & Assessments	49,379	-	-	-	-	74,390	123,769
Use of Money or Property	18,597	690	5,661	503	3,022	48,615	77,088
Contributions and Donations	250,000	-	-	-	-	-	250,000
Miscellaneous	28,909	24,874	-	534	-	-	54,317
<b>Total Revenues</b>	<b>5,103,427</b>	<b>1,371,074</b>	<b>5,661</b>	<b>1,037</b>	<b>1,524,338</b>	<b>1,847,851</b>	<b>9,853,388</b>
<b>Expenditures:</b>							
Current:							
General Government	288,215	-	-	-	-	-	288,215
Public Safety	3,569,154	-	-	-	-	-	3,569,154
Public Works	-	962,877	-	-	-	86,538	1,049,415
Community Development	1,061,964	-	-	370,907	240,279	104,169	1,777,319
Non Departmental	827,057	-	-	-	-	-	827,057
Capital Outlay:							
General Capital Outlay	266,610	3,218	-	-	-	-	269,828
Street Improvements	-	1,130,314	-	-	-	-	1,130,314
Debt Service:							
Principal Retirement	11,908	21,600	-	-	195,000	-	228,508
Tax Increment Pass-Through Payments	-	-	-	-	403,914	-	403,914
ERAF Principal Payment	-	-	-	-	406,428	-	406,428
Interest and Finance Charges	1,290	-	-	37,494	140,238	-	179,022
<b>Total Expenditures</b>	<b>6,026,198</b>	<b>2,118,009</b>	<b>-</b>	<b>408,401</b>	<b>1,385,859</b>	<b>190,707</b>	<b>10,129,174</b>
Excess of Revenues Over (Under) Expenditures	(922,771)	(746,935)	5,661	(407,364)	138,479	1,657,144	(275,786)
<b>Other Financing Sources (Uses):</b>							
Transfers In	197,695	1,041,322	-	349,263	145,000	400,533	2,133,813
Transfers Out	-	(40,008)	(960)	-	(654,355)	(1,293,490)	(1,988,813)
<b>Total Other Financing Sources (Uses)</b>	<b>197,695</b>	<b>1,001,314</b>	<b>(960)</b>	<b>349,263</b>	<b>(509,355)</b>	<b>(892,957)</b>	<b>145,000</b>
<b>Net Change in Fund Balances</b>	<b>(725,076)</b>	<b>254,379</b>	<b>4,701</b>	<b>(58,101)</b>	<b>(370,876)</b>	<b>764,187</b>	<b>(130,786)</b>
Fund Balances - Beginning	988,488	936,318	141,450	2,389,884	587,579	6,036,662	11,080,381
Fund Balances - Ending	\$ 263,412	\$ 1,190,697	\$ 146,151	\$ 2,331,783	\$ 216,703	\$ 6,800,849	\$ 10,949,595

The accompanying notes are an integral part of these financial statements.

**City of Wasco**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year ended June 30, 2010**

Net change in fund balance - total governmental funds	\$	(130,786)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Government funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives, and reported as depreciation expense. This is the amount by which capital expenditures (\$1,457,445) exceeded depreciation (\$635,120) in the current period.</p>		822,325
<p>Repayment of long-term debt principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>		228,508
<p>Government funds only report the current portion of a legal settlement as an expenditure. However, the total amount of the settlement is expensed in the Statement of Activities.</p>		(350,000)
<p>Accrued interest payable for the period between the final interest payment date and the end of the fiscal year is not reported as an expense in the governmental fund statements. This difference between the prior year's accrued interest expense and the current year's accrued interest expense is reported in the Statement of Activities.</p>		(6,073)
<p>Long-term compensated absence expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds.</p>		<u>(21,305)</u>
Change in net assets of governmental activities	\$	<u><u>542,669</u></u>

The accompanying notes are an integral part of these financial statements.

**City of Wasco**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2010**

	Water Reclamation and Sewer	Water Utility	Refuse Collection and Disposal	Public Transportation	CNG Fueling Station	Total Proprietary
<b>Assets:</b>						
Current Assets:						
Cash and Investments	\$ 3,041,207	\$ 533,793	\$ 97,368	\$ 159,739	\$ -	\$ 3,832,107
Receivables, net	433,919	922,959	131,189	133	20,392	1,508,592
Prepaid Expenses	5,713	6,535	16,647	3,145	55	32,095
Due from Other Funds	3,803	4,235	-	-	-	8,038
<b>Total Current Assets</b>	<b>3,484,642</b>	<b>1,467,522</b>	<b>245,204</b>	<b>163,017</b>	<b>20,447</b>	<b>5,380,832</b>
Noncurrent Assets:						
Capital Assets (net of accumulated depreciation)	11,571,003	5,830,374	1,235,426	1,409,014	864,496	20,910,313
<b>Total Noncurrent Assets</b>	<b>11,571,003</b>	<b>5,830,374</b>	<b>1,235,426</b>	<b>1,409,014</b>	<b>864,496</b>	<b>20,910,313</b>
<b>Total Assets</b>	<b>\$ 15,055,645</b>	<b>\$ 7,297,896</b>	<b>\$ 1,480,630</b>	<b>\$ 1,572,031</b>	<b>\$ 884,943</b>	<b>\$ 26,291,145</b>
<b>Liabilities:</b>						
Current Liabilities:						
Accounts Payable	\$ 125,236	\$ 453,918	\$ 20,922	\$ 22,334	\$ 1,881	\$ 624,291
Customer Deposits	-	53,763	572	-	-	54,335
Accrued Interest Payable	33,089	-	11,975	-	-	45,064
Accrued Compensated Absences	7,427	12,880	16,456	1,240	47	38,050
Deferred Revenue	-	-	-	91,901	-	91,901
Current Portion of Long-Term Debt	260,649	-	131,337	-	-	391,986
Due to Other Funds	-	-	19,822	-	45,751	65,573
<b>Total Current Liabilities</b>	<b>426,401</b>	<b>520,561</b>	<b>201,084</b>	<b>115,475</b>	<b>47,679</b>	<b>1,311,200</b>
Noncurrent Liabilities:						
Accrued Compensated Absences	12,647	21,930	28,020	2,112	78	64,787
Notes Payable	2,586,903	-	235,559	-	-	2,822,462
<b>Total Noncurrent Liabilities</b>	<b>2,599,550</b>	<b>21,930</b>	<b>263,579</b>	<b>2,112</b>	<b>78</b>	<b>2,887,249</b>
<b>Total Liabilities</b>	<b>3,025,951</b>	<b>542,491</b>	<b>464,663</b>	<b>117,587</b>	<b>47,757</b>	<b>4,198,449</b>
<b>Net Assets:</b>						
Invested in Capital Assets, net of related debt	8,723,451	5,830,374	868,530	1,409,014	864,496	17,695,865
Restricted For:						
Capital Projects (expendable)	1,919,997	141,062	583	-	-	2,061,642
Debt Service (expendable)	477,710	-	-	-	-	477,710
Unrestricted	908,536	783,969	146,854	45,430	(27,310)	1,857,479
<b>Net Assets</b>	<b>\$ 12,029,694</b>	<b>\$ 6,755,405</b>	<b>\$ 1,015,967</b>	<b>\$ 1,454,444</b>	<b>\$ 837,186</b>	<b>\$ 22,092,696</b>

The accompanying notes are an integral part of these financial statements.

**City of Wasco**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**Year ended June 30, 2010**

	Water Reclamation and Sewer	Water Utility	Refuse Collection and Disposal	Public Transportation	CNG Fueling Station	Total Proprietary
<b>Operating Revenues:</b>						
Charges for Services	\$ 1,979,099	\$ 1,826,377	\$ 2,179,514	\$ 25,645	\$ 45,612	\$ 6,056,247
Rental Income	84,803	-	-	3,600	-	88,403
Cost Recoveries	1,437	-	2,426	-	-	3,863
<b>Total Operating Revenues</b>	<b>2,065,339</b>	<b>1,826,377</b>	<b>2,181,940</b>	<b>29,245</b>	<b>45,612</b>	<b>6,148,513</b>
<b>Operating Expenses:</b>						
Wages and Benefits	435,580	540,423	1,011,316	170,520	5,621	2,163,460
Administration	327,443	417,225	671,026	21,948	13,913	1,451,555
Materials and Supplies	59,930	78,210	108,345	14,111	14,288	274,884
Maintenance and Repair	59,127	130,134	169,029	53,269	9,051	420,610
Utilities	79,969	584,587	3,601	8,233	6,233	682,623
Depreciation	419,983	184,900	210,681	90,092	18,278	923,934
<b>Total Operating Expenses</b>	<b>1,382,032</b>	<b>1,935,479</b>	<b>2,173,998</b>	<b>358,173</b>	<b>67,384</b>	<b>5,917,066</b>
Operating Income (Loss)	683,307	(109,102)	7,942	(328,928)	(21,772)	231,447
<b>Nonoperating Revenues (Expenses):</b>						
Interest Income	31,927	7,244	597	987	-	40,755
Intergovernmental	758,753	1,941,252	23,743	287,866	22,058	3,033,672
Connection Fees	80,364	6,495	-	-	-	86,859
Interest Expense	(86,317)	-	(17,696)	-	-	(104,013)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>784,727</b>	<b>1,954,991</b>	<b>6,644</b>	<b>288,853</b>	<b>22,058</b>	<b>3,057,273</b>
Income (Loss) Before Contributions and Transfers	1,468,034	1,845,889	14,586	(40,075)	286	3,288,720
Capital Contributions	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	(85,000)	(60,000)	-	-	-	(145,000)
<b>Change in Net Assets</b>	<b>1,383,034</b>	<b>1,785,889</b>	<b>14,586</b>	<b>(40,075)</b>	<b>286</b>	<b>3,143,720</b>
Net Assets - Beginning	10,646,660	4,969,516	1,001,381	1,494,519	836,900	18,948,976
<b>Net Assets - Ending</b>	<b>\$ 12,029,694</b>	<b>\$ 6,755,405</b>	<b>\$ 1,015,967</b>	<b>\$ 1,454,444</b>	<b>\$ 837,186</b>	<b>\$ 22,092,696</b>

The accompanying notes are an integral part of these financial statements.

**City of Wasco**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year ended June 30, 2010**

	Water Reclamation and Sewer	Water Utility	Refuse Collection and Disposal	Public Transportation	CNG Fueling Station	Total Proprietary
<b>Cash flows from operating activities:</b>						
Cash received from:						
Customers, including cash deposits	\$ 1,999,714	\$ 1,881,216	\$ 2,186,705	\$ 26,471	\$ 49,231	\$ 6,143,337
Rental activities	84,803	-	-	3,600	-	88,403
Prior year reimbursements and cost recoveries	1,437	-	2,426	-	-	3,863
Cash paid to:						
Suppliers	(402,216)	(851,815)	(956,084)	(79,780)	(42,975)	(2,332,870)
Employees	(447,478)	(552,608)	(1,029,597)	(174,839)	(5,779)	(2,210,301)
Net cash provided (used) by operating activities	<u>1,236,260</u>	<u>476,793</u>	<u>203,450</u>	<u>(224,548)</u>	<u>477</u>	<u>1,692,432</u>
<b>Net cash provided from noncapital financing activities:</b>						
Cash transferred from other funds	-	-	19,822	-	-	19,822
Cash transferred to other funds	(88,803)	(64,235)	-	-	(9,799)	(162,837)
Connection fees	80,364	6,495	-	-	-	86,859
Intergovernmental revenue	457,393	1,107,190	23,743	207,739	31,180	1,827,245
Net cash provided (used) by noncapital financing activities	<u>448,954</u>	<u>1,049,450</u>	<u>43,565</u>	<u>207,739</u>	<u>21,381</u>	<u>1,771,089</u>
<b>Cash flows from capital and related financing activities:</b>						
Principal payments:						
Bonds	(215,000)	-	-	-	-	(215,000)
Notes	(253,977)	-	(125,839)	-	-	(379,816)
Interest paid	(90,793)	-	(21,536)	-	-	(112,329)
Purchase of capital assets	(1,124,161)	(2,426,599)	(230,125)	(52,124)	(21,858)	(3,854,867)
Net cash provided (used) by capital and related financing activities	<u>(1,683,931)</u>	<u>(2,426,599)</u>	<u>(377,500)</u>	<u>(52,124)</u>	<u>(21,858)</u>	<u>(4,562,012)</u>
<b>Cash flows from investing activities:</b>						
Interest received	31,927	7,244	597	987	-	40,755
Cash (deposited) / withdrawn - long-term restricted accounts	243,327	-	-	-	-	243,327
Net cash provided by investing activities	<u>275,254</u>	<u>7,244</u>	<u>597</u>	<u>987</u>	<u>-</u>	<u>284,082</u>
Net increase (decrease) in cash	276,537	(893,112)	(129,888)	(67,946)	-	(814,409)
Cash and cash equivalents - Beginning of year	2,764,670	1,426,905	227,256	227,685	-	4,646,516
Cash and cash equivalents - End of year	<u>\$ 3,041,207</u>	<u>\$ 533,793</u>	<u>\$ 97,368</u>	<u>\$ 159,739</u>	<u>\$ -</u>	<u>\$ 3,832,107</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>						
Operating income (loss)	\$ 683,307	\$ (109,102)	\$ 7,942	\$ (328,928)	\$ (21,772)	\$ 231,447
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	419,983	184,900	210,681	90,092	18,278	923,934
(Increase) decrease in accounts receivable	20,615	47,091	6,860	826	3,619	79,011
(Increase) decrease in deferred charges	12,737	-	-	-	-	12,737
(Increase) decrease in prepaid expenses	(1,608)	(2,204)	(6,692)	(1,227)	(22)	(11,753)
Increase (decrease) in accounts payable	113,124	360,545	2,609	19,008	532	495,818
Increase (decrease) in accrued payroll	(11,304)	(15,801)	(21,901)	(3,526)	(140)	(52,672)
Increase (decrease) in customer deposits	-	7,748	331	-	-	8,079
Increase (decrease) in accrued compensated absences	(594)	3,616	3,620	(793)	(18)	5,831
Net cash provided (used) by operating activities	<u>\$ 1,236,260</u>	<u>\$ 476,793</u>	<u>\$ 203,450</u>	<u>\$ (224,548)</u>	<u>\$ 477</u>	<u>\$ 1,692,432</u>

The accompanying notes are an integral part of these financial statements.

**City of Wasco**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUND**  
**June 30, 2010**

	<u>Wasco Public Financing Authority Agency Fund</u>
<b>Assets:</b>	
Cash and Investments	\$ 604,436
Investments with Fiscal Agents - Restricted	496,605
Accrued Interest Receivable	<u>2,414</u>
Total Assets	<u>\$ 1,103,455</u>
<b>Liabilities:</b>	
Due to Bondholders	<u>1,103,455</u>
Total Liabilities	<u>\$ 1,103,455</u>

The accompanying notes are an integral part of these financial statements.

*City of*



INCORPORATED 1945

Notes to Financial Statements

*City of*



INCORPORATED 1945

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 1 – Summary of Significant Accounting Policies**

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

**A - Reporting Entity**

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

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

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

**Blended Component Units**

The Wasco Redevelopment Agency (the "Agency") was formed by the City of Wasco in 1965 by Ordinance No. 124. The Agency is the legislative body of the City of Wasco, which is undertaking the implementation of the Wasco Redevelopment Project, as adopted by the Wasco Planning Commission. The fundamental aim of the Agency is to create and maintain an urban environment that meets the needs of all the City's people through a balanced pattern of residential, commercial, industrial and recreational areas. In working toward this objective, the Agency is concerned with better housing, job creation and social economic and racial integration. The funds of this component unit are reported in the Capital Projects Funds. The Agency issues separate component unit financial statements. Upon completion, the Agency's financial statements can be obtained at City Hall.

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

The City Council of Wasco is the governing body for the Agency and Authority.

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 1 – Summary of Significant Accounting Policies, (continued)**

**B - Basis of Presentation**

**Government-Wide Financial Statements**

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

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

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

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

**Fund Financial Statements**

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

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 1 – Summary of Significant Accounting Policies, (continued)**

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

The major funds are as follows:

**Governmental Funds**

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

The Streets Fund is responsible for maintenance of all the City streets and alley rights-of-way including minor to moderate asphalt road repair work. Other functions include sidewalk, curb and gutter repair and replacement; roadside drainage; street sweeping; street swiping; maintenance of all storm drains; and tree trimming.

The BEGIN Grant Fund accounts for the activities of the Building Equity and Growth in Neighborhoods (BEGIN) Program which is funded by the State of California Department of Housing and Community Development. The program offers grants to cities for down-payment assistance to qualifying first-time homeowners with low and moderate incomes. The funds are awards are project specific and are for new construction only. In 2007/2008 the City was awarded \$3.6 million dollars to fund 120 homes under the BEGIN Program.

The RDA Capital Projects Fund accounts for all revenues and costs of funding the Wasco Redevelopment Agency's (a component unit of the City) redevelopment activities such as land acquisition, public improvements, and other project costs in compliance with the California redevelopment law.

The RDA Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs of the Wasco Redevelopment Agency (a component unit of the City)

**Proprietary Funds**

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

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

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

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

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 1 – Summary of Significant Accounting Policies, (continued)**

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

**Fiduciary Fund**

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

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

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

**Measurement Focus**

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

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. Proprietary fund equity is classified as net assets.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

**Basis of Accounting**

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

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 1 – Summary of Significant Accounting Policies, (continued)**

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance

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

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

**Cash and Investments**

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

Statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper, bankers’ acceptances, repurchase agreements, money market funds and the State Treasurer’s investment pool.

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 1 – Summary of Significant Accounting Policies, (continued)**

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

**Receivables and Payables**

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

Assessed values are determined on an annual basis by the Kern County Assessor as of January 1. Taxes are levied annually and become a lien on real property at July 1. Taxes are due November 1 and February 1, and are delinquent if not paid by December 10 and April 10, respectively. In 1978, a state constitutional amendment (Proposition 13) provided that the tax rate be limited to 1% of market value, levied only by the County and shared with all other jurisdictions. Such limitation on the rate may only be increased through voter approval. The County collects property taxes and distributes them to taxing jurisdictions on the basis of the taxing jurisdiction's assessed valuations and on the tax rate for voter-approved debt.

**Capital Assets and Depreciation**

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

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

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**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:

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

**Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation, comp time, and sick pay benefits. Unpaid accumulated sick leave is only paid out to employees retiring from service. The City uses the Ratio Approach to estimate the value of the sick pay liability. Vacation and comp time pay liabilities are calculated at full value based on the employee's current rate of pay. All compensated absence pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**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 assets. Initial-issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bonds payable are reported net of the unamortized portion of applicable premium, discount or deferred amount on refunding. Bond issuance costs, including underwriters' discount, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, issuance costs and deferred amounts on refunding are included in interest expense.

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

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 1 – Summary of Significant Accounting Policies, (continued)**

**Net Assets/Fund Equity**

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

Invested In Capital Assets, Net of Related Debt - This category groups all capital assets, including infrastructure, into one component of net assets. 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 Assets - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$10,793,889 of restricted net assets, of which \$8,732,247 is restricted externally by grantors, creditors, or laws or regulations of other governments and \$2,061,642 is restricted by enabling legislation.

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The reservations and designations of the City are described as follows:

Reserve for Prepaid Costs – The reserve of prepaid costs is established to reflect noncurrent resources so they will not be considered as current available funds.

Reserve for Notes Receivable – Notes receivable relate to home rehabilitation loans made under certain grant provisions. Such notes receivable are equally offset by a fund balance reserve which indicates that notes receivable do not constitute “available spendable resources”.

Reserve for Land Held for Resale – Land held for resale is valued at original cost, which is below market value. Land held for resale in the Redevelopment Agency consists of an industrial park. Such land held for resale is equally offset by a fund balance reserve which indicates that land held for resale does not constitute “available spendable resources”.

Reserve for Deferred Charges – Deferred charges relate to capitalized costs of issuing debt. Such deferred charges are equally offset by a fund balance reserve which indicates that deferred charges do not constitute “available spendable resources”.

Reserve for Debt Service – These reserves for debt service represent reserves accumulated by the Redevelopment Agency for the payment of long-term debt principal and interest amounts that mature in future years.

Designated for Capital Improvements – Represents money set aside by the City Council and Management for future capital improvement projects.

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 1 – Summary of Significant Accounting Policies, (continued)**

**Appropriated Budget and Budgetary Control**

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

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

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

**Use of Estimates**

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

**Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The assets, all property and rights purchased with such amounts and all income attributable to such amounts, are held in trust for the exclusive benefit of the participants and the beneficiaries. The plan is administered by independent plan administrators through administrative service agreements. The City does not have fiduciary responsibility for the plan assets.

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 2 – Cash and Investments**

The following is a summary of the City’s cash, cash equivalents, and investments with fiscal agents at June 30, 2010:

Pooled Cash and Investments - Government Funds	\$	7,578,160
Pooled Cash and Investments - Business-Type Funds		3,832,107
Restricted Investments - Business-Type Funds		-
Cash and Investments - Fiduciary Fund		604,436
Restricted Investments - Fiduciary Fund		496,605
		496,605
Total	\$	12,511,308
Cash on Hand	\$	1,500
Demand Deposits		4,904,667
Investments		7,605,141
		7,605,141
Total	\$	12,511,308

**Deposits:**

**Custodial credit risk** – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City has no deposit policy for custodial credit risk.

The California Government Code requires California banks and savings and loan associations to secure a city’s deposits by pledging government securities with a value of 110% of a city’s deposits. California law also allows financial institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150% of a city’s total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. An authorized Agent of Depository recognized by the State of California Department of Banking holds the collateral for deposits in Federal and State chartered banks for safekeeping. The Federal Home Loan Bank in San Francisco, California generally holds the collateral for deposits with savings and loan associations in safekeeping as a third-party trustee. These securities are physically held in an undivided pool for all California public agency depositors.

Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an Agent of Depository has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository is considered to be held for, and in the name of, the local governmental agency.

As of June 30, 2010, all of the City’s deposits with financial institutions in excess of federal depository insurance limits were held in fully collateralized accounts, as permitted by the California Government Code.

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 2 – Cash and Investments, (continued)**

**Investments:**

The City had the following investments at June 30, 2010:

Investment Type	Fair Value	Weighted Average Maturity (years)
State Treasurer's Investment Pool (LAIF)	\$ 6,079,615	0.51
Central San Joaquin Valley RMA Pool (CSJVRMA)	1,028,921	2.65
Held by Trustees:		
Money Market Funds	496,605	0.00
<b>Total Investments</b>	<b>\$ 7,605,141</b>	
 Portfolio Weighted Average Maturity (years)		 <b>0.77</b>

LAIF is a special fund of the California State Treasury through which local governments may pool investments. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. Included in LAIF's investment portfolio are certain derivative securities or similar products, such as structured notes and asset backed securities. LAIF's and the City's exposure to credit, market, or legal risk is not available. The fair value of the City's position in the pool is the same as the value of the pool shares. LAIF is regulated by the California Government Code.

The City is a member of CSJVRMA for the purpose of pooling insurance coverage (see Note 11). The CSJVRMA maintains an investment pool which is available to its members. The City invested cash in this pool which is highly liquid. Deposits can be converted to cash within 24 hours without loss of interest. Included in the pool's investment portfolio are securities that are within the statutory limits imposed by government code. The pool's and the City's exposure to credit, market, or legal risk is not available. The fair value of the City's position in the pool is the same as the value of the pool shares. CSJVRMA is regulated by the California Government Code.

**Interest rate risk** – The City's exposure to interest rate risk is identified by the above weighted average maturities. The City has no investment policy for interest rate risk.

**Credit rating risk** – The City is required to disclose the credit quality ratings of investments in debt securities as issued by nationally recognized statistical rating organizations (NRSROs). At June 30, 2010, the Credit ratings for the money market funds and investments in LAIF and CSJVRMA were unavailable. The City has no investment policy for credit risk.

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

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 2 – Cash and Investments, (continued)**

**Custodial credit risk** – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2010, \$1,525,526 was exposed to custodial credit risk because the related securities were uninsured, unregistered and held by the City’s brokerage firm which is also the counterparty of these particular securities. The City has no investment policy for custodial credit risk.

**Restricted Investments with Fiscal Agents**

**Fiduciary Fund Activities:**

**Local Agency Revenue Bonds 1989 & 1994 (Revenue Bonds)** – The trustee is required to hold, in a reserve account, funds necessary to secure bonds until October 1, 2020.

\$ 496,605

**Note 3 – Receivables**

Receivables at June 30, 2010 consist of the following:

	General Fund	Streets	BEGIN Grant	RDA Capital Projects	RDA Debt Service	Non-Major Governmental Funds	Total Governmental
<b>Governmental Activities:</b>							
Accounts receivable, net	\$ 154,950	\$ 13,045	\$ -	\$ -	\$ -	\$ 3,773	\$ 171,768
Interest receivable	757	104	1,071	108	270	3,056	5,366
Taxes receivable, net	168,443	63,963	-	-	59,341	22,154	313,901
Due from governments	50,544	188,687	-	-	-	233,103	472,334
Allowance for doubtful accounts	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 374,694</b>	<b>\$ 265,799</b>	<b>\$ 1,071</b>	<b>\$ 108</b>	<b>\$ 59,611</b>	<b>\$ 262,086</b>	<b>\$ 963,369</b>
	Water Reclamation And Sewer	Water Utility	Refuse Collection And Disposal	Public Transportation	CNG Fueling Station	Total Business-Type	
<b>Business-Type Activities:</b>							
Accounts receivable, net	\$ 140,853	\$ 91,983	\$ 122,968	\$ -	\$ 1,041	\$ 356,845	
Interest receivable	1,941	1,021	97	133	-	3,192	
Due from governments	291,125	829,955	8,124	-	19,351	1,148,555	
Allowance for doubtful accounts	-	-	-	-	-	-	
<b>Total</b>	<b>\$ 433,919</b>	<b>\$ 922,959</b>	<b>\$ 131,189</b>	<b>\$ 133</b>	<b>\$ 20,392</b>	<b>\$ 1,508,592</b>	

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 4 – Interfund Receivables, Payables, Advances and Transfers**

Interfund balances at June 30, 2010 consisted of the following:

Fund	Due From Other Funds	Due To Other Funds
Government Funds:		
General Fund	\$ 187,615	\$ -
Streets	125,564	-
RDA Capital Projects	-	15,846
Non-Major Funds	341	240,139
	313,520	255,985
Total Governmental Funds		
Proprietary Funds:		
Water Reclamation and Sewer	3,803	-
Water Utility	4,235	-
Refuse Collection and Disposal	-	19,822
CNG Fueling Station	-	45,751
	8,038	65,573
Total Proprietary Funds		
	\$ 321,558	\$ 321,558
Total Due From/To		

Composition and purpose of interfund receivables and payables is as follows:

The above balances represent money advanced for cash shortages or expenditures to be reimbursed.

Interfund transfers at June 30, 2010 consisted of the following:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$ 197,695	\$ -
Street Fund	1,041,322	40,008
BEGIN Grant Fund	-	960
RDA Capital Projects	349,263	-
RDA Debt Service	145,000	654,355
Non-Major Funds	400,533	1,293,490
Proprietary Funds:		
Water Reclamation and Sewer	-	85,000
Water Utility	-	60,000
	-	60,000
Total Transfers		
	\$ 2,133,813	\$ 2,133,813

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 4 – Interfund Receivables, Payables, Advances and Transfers, (continued)**

Composition and purpose of interfund transfers is as follows:

General fund transfers in of \$197,695 consist of \$40,008 from Streets Fund for engineering services provided for various construction projects; \$100,000 from Non-Major Funds which represent transfers of police type grant funds to the Sheriff department of the General Fund; and \$57,687 from Non-Major Funds which represent transfers of community development type grant funds for low income housing loan administration and activity delivery to the Community Development Department of the General Fund.

Streets fund transfers in of \$1,041,322 consist of \$634,647 of State allocation of TDA revenue and \$406,281 of State Gas Tax used to reimburse salaries and street construction projects; and \$394 from Traffic Impact Fund to be applied to various street light and crosswalk construction projects.

RDA Capital Projects transfers in of \$349,263 from the RDA Debt Service fund consist of \$151,655 used to repay an operating loan from the City of Wasco for Economic Development costs, \$20,615 of Agency Council fees, \$19,363 for façade improvement grants to local businesses, \$79,718 for infrastructure development within the project area, and \$77,912 for partial reimbursement of administrative overhead and indirect cost allocations supporting the project area.

RDA Debt Service fund transfers in of \$145,000 consist of \$85,000 from Water Reclamation and Sewer fund and \$60,000 from Water Utility fund for revenues pledged for the repayment of long-term debt.

Non-Major fund transfers in of \$400,533 consist of \$305,092 transferred from the RDA Debt Service fund to the RDA Low and Moderate Income Housing fund for the required 20% set-aside of tax revenues within the RDA as required by State law; and \$94,481 of community development type grant funds between Non-Major funds and \$960 from the BEGIN Grant fund for low income housing loan programs.

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 5 – Land Held for Resale**

At June 30, 2010, the Redevelopment Agency had in Inventory a 70-acre industrial park with the following original cost amounts.

	<u>RDA Capital Projects</u>
Land	\$ 457,964
Improvements	<u>1,220,631</u>
Total	<u><u>\$ 1,678,595</u></u>

**Note 6 – Deferred Charges**

Deferred charges represent the capitalized costs of issuing debt. The deferred charges are being amortized over the term of the debt on the straight line basis. Deferred charges at June 30, 2010, net of amortization, are as follows:

	<u>Governmental RDA Capital Projects</u>
<b>Governmental Activities:</b>	
Industrial Park Bonds	\$ 266,156
Southside Project Bonds	<u>16,556</u>
Total	<u><u>\$ 282,712</u></u>

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**Note 7 – Capital Assets**

Capital asset activity for the year ended June 30, 2010 is as follows:

<u>Governmental Activities</u>	Balance June 30, 2009	Additions	Deletions	Transfers	Balance June 30, 2010
Capital Assets Not Being Depreciated:					
Land	\$ 1,025,698	\$ 100,000	\$ -	\$ -	\$ 1,125,698
Construction in Progress	-	209,157	-	-	209,157
Total Capital Assets Not Being Depreciated	<u>1,025,698</u>	<u>309,157</u>	<u>-</u>	<u>-</u>	<u>1,334,855</u>
Capital Assets Being Depreciated:					
Land Improvements	6,904,763	1,133,377	-	-	8,038,140
Construction	2,346,880	-	-	-	2,346,880
Infrastructure	10,136,257	-	-	-	10,136,257
Machinery and Other	1,349,682	15,310	(27,601)	-	1,337,391
Vehicles	976,572	-	(3,200)	-	973,372
Total Capital Assets Being Depreciated	<u>21,714,154</u>	<u>1,148,687</u>	<u>(30,801)</u>	<u>-</u>	<u>22,832,040</u>
Less Accumulated Depreciation For:					
Land Improvements	(621,758)	(314,322)	-	-	(936,080)
Construction	(410,371)	(43,997)	-	-	(454,368)
Infrastructure	(4,784,542)	(122,825)	-	-	(4,907,367)
Machinery and Other	(841,730)	(85,683)	27,202	-	(900,211)
Vehicles	(662,653)	(68,293)	3,200	-	(727,746)
Total Accumulated Depreciation	<u>(7,321,054)</u>	<u>(635,120)</u>	<u>30,402</u>	<u>-</u>	<u>(7,925,772)</u>
Total Capital Assets Being Depreciated, net	<u>14,393,100</u>	<u>513,567</u>	<u>(399)</u>	<u>-</u>	<u>14,906,268</u>
Governmental Activities Capital Assets, net	<u>\$ 15,418,798</u>	<u>\$ 822,724</u>	<u>\$ (399)</u>	<u>\$ -</u>	<u>\$ 16,241,123</u>

Depreciation charged to governmental functions on the Statement of Activities during the year is as follows: \$84,377 to General Government, \$10,471 to Public Safety, \$539,936 to Public Works, and \$336 to Community Development.

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2010**

**Note 7 – Capital Assets, (continued)**

Proprietary fund type property, plant and equipment are as follows:

<u>Business-Type Activities</u>	Balance June 30, 2009	Additions	Deletions	Transfers	Balance June 30, 2010
Capital Assets Not Being Depreciated:					
Land	\$ 287,323	\$ -	\$ -	\$ -	\$ 287,323
Construction in Progress	325,504	3,252,438	-	(325,505)	3,252,437
Total Capital Assets Not Being Depreciated	<u>612,827</u>	<u>3,252,438</u>	<u>-</u>	<u>(325,505)</u>	<u>3,539,760</u>
Capital Assets Being Depreciated:					
Land Improvements	6,481,954	261,802	-	325,505	7,069,261
Construction	14,796,104	-	-	-	14,796,104
Infrastructure	5,626,393	-	-	-	5,626,393
Machinery and Other	3,133,793	72,670	(6,673)	-	3,199,790
Vehicles	2,607,472	267,957	-	-	2,875,429
Total Capital Assets Being Depreciated:	<u>32,645,716</u>	<u>602,429</u>	<u>(6,673)</u>	<u>325,505</u>	<u>33,566,977</u>
Less Accumulated Depreciation For:					
Land Improvements	(4,824,361)	(202,046)	-	-	(5,026,407)
Construction	(4,539,638)	(293,794)	-	-	(4,833,432)
Infrastructure	(2,548,819)	(70,599)	-	-	(2,619,418)
Machinery and Other	(1,847,877)	(124,138)	6,673	-	(1,965,342)
Vehicles	(1,518,468)	(233,357)	-	-	(1,751,825)
Total Accumulated Depreciation	<u>(15,279,163)</u>	<u>(923,934)</u>	<u>6,673</u>	<u>-</u>	<u>(16,196,424)</u>
Total Capital Assets Being Depreciated, net	<u>17,366,553</u>	<u>(321,505)</u>	<u>-</u>	<u>325,505</u>	<u>17,370,553</u>
Business-Type Activities Capital Assets, net	<u>\$ 17,979,380</u>	<u>\$ 2,930,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,910,313</u>

Depreciation charged to business-type activities on the Statement of Activities during the year is as follows: \$419,983 to Water Reclamation and Sewer, \$184,900 to Water Utility, \$210,681 to Refuse Collection and Disposal, \$90,092 to Public Transportation, and \$18,278 to CNG Fueling Station.

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 8 – Accrued Liabilities**

Accrued Liabilities at June 30, 2010, as reported on the Statement of Net Assets are detailed as follows:

<b>Governmental Activities:</b>	General	Streets	RDA Debt Service	Non-Major Governmental Funds	Total Governmental
	Accrued Interest Payable	\$ -	\$ 520	\$ 44,833	\$ 68,374
Other Liabilities	34,120	140	-	-	34,260
<b>Total</b>	<b>\$ 34,120</b>	<b>\$ 660</b>	<b>\$ 44,833</b>	<b>\$ 68,374</b>	<b>\$ 147,987</b>

<b>Business-Type Activities:</b>	Water Reclamation And Sewer	Refuse Collection and Disposal	Total Business-Type
	Accrued Interest Payable	\$ 33,089	\$ 11,975

**Note 9 – Long-Term Liabilities**

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010	Due Within One Year
	<b>Governmental Activities:</b>				
Tax Allocation Bonds	\$ 2,065,000	\$ -	\$ (165,000)	\$ 1,900,000	\$ 185,000
Revenue Bonds	405,000	-	(30,000)	375,000	30,000
Other Long-Term Debt	437,934	750,000	(433,507)	754,427	375,671
Compensated Absences	93,404	34,413	(13,108)	114,709	42,442
<b>Total Governmental Activities</b>	<b>3,001,338</b>	<b>784,413</b>	<b>(641,615)</b>	<b>3,144,136</b>	<b>633,113</b>
<b>Business-Type Activities:</b>					
Revenue Bonds	215,000	-	(215,000)	-	-
Notes Payable	3,594,264	-	(379,816)	3,214,448	391,986
Compensated Absences	97,006	30,851	(25,020)	102,837	38,050
<b>Total Business-Type Activities</b>	<b>3,906,270</b>	<b>30,851</b>	<b>(619,836)</b>	<b>3,317,285</b>	<b>430,036</b>
<b>Total Long-Term Liabilities</b>	<b>\$ 6,907,608</b>	<b>\$ 815,264</b>	<b>\$ (1,261,451)</b>	<b>\$ 6,461,421</b>	<b>\$ 1,063,149</b>

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

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 9 – Long-Term Liabilities, (continued)**

**Governmental Activities:**

Tax Allocation Bonds:

Improvement Bonds dated December 15, 1992 in the original amount of \$3,600,000 at 5.5% interest; payable semi-annually commencing March 2, 1993, due September 2, 2017 to the Wasco Public Financing Authority which is a component unit of the City of Wasco. Proceeds used to construct an industrial park which is accounted for as land held for resale. \$ 1,900,000

Revenue Bonds:

Improvement Bonds dated May 5, 1994 in the original amount of \$700,000 at 8.0% interest; payable semi-annually commencing September 15, 1994, due September 15, 2018 to the Wasco Public Financing Authority which is a component unit of the City of Wasco. Proceeds used to construct Southside Infrastructure. 375,000

Other Long-Term Debt:

Promissory Note dated August 8, 2002, payable to the California Housing Finance Authority, with an original loan amount of \$350,680 and an interest rate of 3%. The loan is all due and payable on August 8, 2012. Proceeds are used to make rehabilitation loans to property owners within the City. The City will repay this loan prior to August 8, 2010. 342,000

The city entered into a \$750,000 legal settlement on June 17, 2010, calling for an immediate \$400,000 payment with the balance due over four years at 0% interest. 350,000

Note payable to Municipal Finance Corporation, payable in annual installments commencing March 27, 2008, of \$24,543 at 4.35% interest, final payment due March 27, 2012, collateralized by a dump truck. 46,059

Note payable to Key Government Finance, Inc., payable in monthly installments commencing December 1, 2008, of \$1,061 at 5.146% interest, final payment due November 1, 2011, collateralized by telephone equipment. 16,368

Total Other Long-Term Debt 754,427

Compensated Absences 114,709

Total Governmental Activities \$ 3,144,136

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 9 – Long-Term Liabilities, (continued)**

**Business-Type Activities:**

Notes Payable:

Note payable to the State of California for the expansion of the wastewater treatment plant, payable in annual installments commencing January 19, 2001, of \$291,308 at 2.6% interest, final payment due January 19, 2020, collateralized by wastewater funds.	2,535,492
Note payable to the State of California, payable in annual installments commencing January 15, 1999, of \$44,081 at 2.8% interest, final payment due January 15, 2018, collateralized by local transportation funds and storm drainage funds.	312,060
Note payable to Municipal Finance Corporation, payable in annual installments commencing March 12, 2008, of \$44,581 at 4.35% interest, final payment due March 12, 2012, collateralized by a sanitation vehicle.	83,665
Financing lease payable to Municipal Finance Corporation for purchase of compact wheel loader, payable in annual installments commencing August 2, 2008, of \$19,280, including interest at 4.35%, final payment due August 2, 2012.	53,152
Financing lease payable to Municipal Finance Corporation for purchase of roll-off container collection truck, payable in annual installments commencing August 8, 2008, of \$28,628, including interest at 4.45%, final payment due August 8, 2012.	78,770
Financing lease payable to Municipal Finance Corporation for purchase of sanitation bin truck, payable in annual installments commencing August 21, 2008, of \$54,887, including interest at 4.35%, final payment due August 21, 2012.	<u>151,309</u>
Total Notes Payable	3,214,448
Compensated Absences Payable	<u>102,837</u>
Total Business-Type Activities	<u>\$ 3,317,285</u>

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 9 – Long-Term Liabilities, (continued)**

The annual requirements to amortize all bonded indebtedness and other long-term liabilities outstanding at June 30, 2010, are as follows:

**Governmental Activities**

Year Ending June 30	Tax Allocation Bonds		Revenue Bonds		Other Long-Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 185,000	\$ 99,413	\$ 30,000	\$ 28,800	\$ 375,671	\$ 2,539
2012	195,000	88,963	30,000	26,400	128,756	1,091
2013	215,000	77,688	30,000	24,000	100,000	-
2014	235,000	65,313	35,000	21,400	100,000	-
2015	250,000	51,975	40,000	18,400	50,000	-
2016-2019	820,000	69,301	210,000	35,600	-	-
<b>Total</b>	<b>\$ 1,900,000</b>	<b>\$ 452,653</b>	<b>\$ 375,000</b>	<b>\$ 154,600</b>	<b>\$ 754,427</b>	<b>\$ 3,630</b>

**Business-Type Activities**

Year Ending June 30	Notes Payable	
	Principal	Interest
2011	\$ 391,986	\$ 90,699
2012	404,736	77,949
2013	373,011	65,093
2014	281,740	53,569
2015	289,143	46,167
2016-2020	1,473,832	113,917
<b>Total</b>	<b>\$ 3,214,448</b>	<b>\$ 447,394</b>

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 10 – Deferred Revenue**

Deferred Revenue at June 30, 2010 is detailed as follows:

	Government Funds	Business-Type Funds
Highway Users Tax	\$ 392,000	\$ -
Cal Home Grants	890,087	-
TDA Deferred Revenue	-	91,901
<b>Total</b>	<b>\$ 1,282,087</b>	<b>\$ 91,901</b>

**Note 11 – Public Entity Risk Pools**

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

**Liability Program:** The program provides \$28 million of coverage per occurrence for general & automobile liability and public officials errors & omission coverage. CSJVRMA members self-fund the first \$1 million of exposure; losses above \$1 million to \$28 million are covered through CSJVRMA’s participation in the California Affiliated Risk Management Authority’s (CARMA) excess pool. The California Affiliated Risk Management Authority (CARMA) is comprised of six member Joint Power Authorities and is organized under a Joint Powers Agreement pursuant to the California Government Code. Losses exceeding \$1 million up to \$28 million are covered through reinsurance. Within CSJVRMA’s \$1 million retention, the City of Wasco selected a self-insured retention of \$25,000. The pool shares all losses exceeding a member’s self-insured retention.

**Employment Practices Liability (EPL):** This program from CSJVRMA covers the EPL exposures through the Employment Risk Management Authority (ERMA). ERMA is comprised of eight members Joint Power Authorities and is organized under a Joint Powers Agreement pursuant to the California Government Code. ERMA covers \$1 million for each occurrence less the members’ retained limit. The City of Wasco’s retained limit is \$50,000.

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

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 11 – Public Entity Risk Pools, (continued)**

**Property Insurance:** The City, through its membership in CSJVRMA participates in the Public Entity Property Insurance Program (PEPIP) along with other California public entities. PEPIP is a national property insurance program with several hundred members including the City of Wasco. The PEPIP policy is an all-risk, replacement cost policy that covers: tax interruption; municipal bond revenue interruption; service interruption from public and private utilities for gas, electric, water and telecommunication; and vehicle comprehensive and collision. The CSJVRMA's deductible through PEPIP's is \$25,000. The City of Wasco's deductible is \$1,000 per occurrence. The program has a \$1,000,000,000 loss limit per occurrence, with various sub limits.

**Note 12 – Retirement Plan**

**Plan Description.** The City's defined benefit pension plans, Miscellaneous Plan Of The City of Wasco and Safety Plan Of The City of Wasco (the Plans), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plans are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. The Miscellaneous Plan is part of the CalPERS Miscellaneous 3.0% at 60 Risk Pool and the Safety Plan is part of the CalPERS Inactive Agency Risk Pool. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

**Funding Policy.** Active plan members are required to contribute 9% of their annual covered salary. The City makes the contributions required of City's contract employees on their behalf and for their account. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2009/10 was 17.256% for the Miscellaneous Plan and 0% for the Safety Plan. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. The City's Safety Plan has no active employees or contributing payroll on which a contribution percentage can be applied. As such the excess of the Safety Plan's actuarial liabilities over plan assets is amortized over a twenty year period and funded annually.

**Annual Pension Cost.** For the year ended June 30, 2010, The City's annual pension costs of \$570,861 for the Miscellaneous Plan and \$0 for the Safety Plan was equal to the City's required and actual contributions. The contractually required contribution for fiscal year 2009/10 was determined as part of the June 30, 2007, actuarial valuation using the entry age actuarial cost method with the contributions determined as a level percent of payroll. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members and from 3.25% to 14.45% for public safety members, and (c) 3.25% per year of cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of the plans were determined using techniques that smooth the effects of short-term volatility in the market value of the investments over a 15 year period. The unfunded actuarial accrued liabilities are being amortized as a level percentage of projected payrolls. The average remaining amortization period at June 30, 2007 was 16 years for Miscellaneous Plan and 31 years for Safety Plan.

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 12 – Retirement Plan, (continued)**

**Three-Year Trend Information For The Plans**

<b>Miscellaneous Fund</b>			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	\$ 751,486	100%	\$ -
6/30/2009	688,379	100%	-
6/30/2010	570,861	100%	-
<b>Safety Fund</b>			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	\$ -	0%	\$ -
6/30/2009	-	0%	-
6/30/2010	-	0%	-

The required schedules of funding progress that immediately follow the notes to the financial statements present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Note 13 – Conduit Debt Obligations**

In addition to the Long-Term Liabilities discussed in Note 9, Long-Term Liabilities have been issued in the name of the Wasco Public Financing Authority. Neither the City, nor the Authority, is obligated in any manner for the repayment of these obligations. The Authority acts as an agent to property owners for the collection and repayment of Special Assessment Debt.

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

Assessment Districts	Remaining Collections	Outstanding Debt Service
89-1 Barker	\$ 312,885	\$ 436,313
89-2 Tract 5071	363,852	280,125
89-3 Tract 4644	187,087	158,125
91-1 Barnhard	330,195	401,250
91-2A Summerfield	384,652	330,563
91-2B Summerfield	84,570	123,650
92-1 Industrial Park	2,115,400	2,115,400
93-1 Southside - Childress	1,236,699	1,236,600
Total	\$ 5,015,340	\$ 5,082,026

The "Remaining Collections" represents the sum of the remaining principal and interest for each active parcel after 2009/10 debt service has been billed.

The \$1,103,455 due to bondholders as reported in the Statement of Fiduciary Net Assets, represents the net assets of the Authority held for bondholder repayment.

**City of Wasco**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2010

**Note 14 – Other Disclosures**

**Pledged Revenues**

The City of Wasco has pledged certain water and sewer revenues for the payment of the Wasco Redevelopment Agency's \$3,600,000 Industrial Park Improvement Bonds.

**Economic Dependency**

The City is dependent upon taxes and user fees received from the residents of the Wasco area.

**Deficit Net Asset Balance**

Included in the City's Unrestricted Net Assets for Governmental Activities is a deficit balance of \$125,377. This deficit was a result of legal defense and settlement expenses in the current year of \$1,337,723. It is anticipated the deficit will be eliminated in the next fiscal year through normal operations.

Included in the City's Unrestricted Net Assets for Business-Type Activities is the CNG Fueling Station Fund with a deficit balance of \$27,310. The City is attempting to reduce this deficit by increasing rates and improving operational efficiency.

**Date of Management Evaluation**

Management has evaluated subsequent events through October 12, 2010, the date on which the financial statements were available to be issued.

**Excess of Expenditures over Appropriations**

For the year ended June 30, 2010, some expenditures exceeded appropriations. The over expenditures were funded from current tax revenue and charges for services. All City expenditures were approved by the City Council.

**Commitments**

On June 21, 2010 the Agency passed a resolution approving a \$1,000,000 loan to Wasco Affordable Housing, Inc. in order to assist it in financing construction of a 58 unit apartment complex. The loan will bear 3% simple interest, have a term of fifty-five years and be payable from a share of residual receipts of the intended project. The loan will be made by the Low and Moderate Income Housing Fund of the RDA.

This Page Intentionally Left Blank



INCORPORATED 1945

## REQUIRED & SUPPLEMENTARY INFORMATION

This section of the CAFR provides information on each individual fund not already provided in the basic financial statements. The section includes the:

- Budgetary Information
  
- Special Revenue Funds
  - Major Special Revenue Funds
  - Non-Major Special Revenue Funds
  
- Capital Project Funds

*City of*



INCORPORATED 1945

**City of Wasco**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
Year ended June 30, 2010

**DEFINED BENEFIT PENSION PLAN**

A schedule of funding progress for the year ended June 30, 2008 (the most recent actuarial information available) including the past four actuarial valuations is presented below.

**Miscellaneous Plan - Included in the CalPERS Miscellaneous 3.0% at 60 Risk Pool**

Valuation Date	Accrued Liabilities	Actuarial Assets	Unfunded Liabilities (UL)	Funded Ratio	Annual Covered Payroll	UL As a % of Payroll
6/30/2004	\$ 426,958,282	\$ 334,956,019	\$ 92,002,263	78.5%	\$ 90,667,029	101.5%
6/30/2005	499,323,280	405,480,805	93,842,475	81.2%	108,618,321	86.4%
6/30/2006	620,492,183	501,707,110	118,785,073	80.9%	126,049,770	94.2%
6/30/2007	699,663,524	576,069,687	123,593,837	82.3%	139,334,562	88.7%
6/30/2008	776,166,719	641,167,624	134,999,095	82.6%	155,115,302	87.0%

**Safety Plan - Included in the CalPERS Inactive Agency Risk Pool**

Valuation Date	Accrued Liabilities	Actuarial Assets	Unfunded Liabilities (UL)	Funded Ratio	Annual Covered Payroll	UL As a % of Payroll
6/30/2004	\$ 357,919,985	\$ 331,405,998	\$ 26,513,987	92.6%	n/a	n/a
6/30/2005	369,091,183	347,539,822	21,551,361	94.2%	n/a	n/a
6/30/2006	389,558,550	371,203,956	18,354,594	95.3%	n/a	n/a
6/30/2007	391,672,319	377,230,242	14,442,077	96.3%	n/a	n/a
6/30/2008	399,268,718	390,402,716	8,866,002	97.8%	n/a	n/a

**City of Wasco**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
Year ended June 30, 2010

**BUDGETARY INFORMATION**

Through the budget process, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The Annual Budget assures the efficient and effective use of the City's economic resources, as well as establishing that the highest priority objectives are accomplished. Budgets are adopted for all governmental fund types and are prepared on a basis consistent with generally accepted accounting principles.

The Annual Budget serves from July 1 to June 30, and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees and other public agencies. Additionally, it establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the City's performance.

The City collects and records revenue and expenditures within the following categories:

- Governmental Activities
- Business-Type Activities

The Governmental Funds include the General Fund, Special Revenue and Capital Projects funds. All funding sources are kept separate for both reporting and use of the money. The General Fund is where most City services are funded that are not required to be segregated.

The budget process begins as a team effort in January of each year, starting with an annual strategic planning meeting. Then the individual departments use projected revenue assumptions to prioritize and recommend the next fiscal year's objectives. The City Manager's Office and the Finance Department review all budget proposals and revenues assumptions, as well as all current financial obligations before preparing the document that is proposed to the City Council. The City Council reviews the Proposed Budget through a series of workshops, and the final adoption of the budget is normally scheduled for the second City Council meeting each June.

The following schedules represent budgetary comparisons for all Governmental Funds within the City of Wasco. First the Major Governmental Funds are presented followed by a combining statement of all Non-Major Governmental Funds and the related budget comparisons of these Non-Major Governmental Funds.

The following schedules represent budgetary comparisons for the General Fund and all major special revenue funds within the City.

**City of Wasco**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
Year ended June 30, 2010

**GENERAL FUND**

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds. General Fund revenues are derived from such sources as Taxes, Licenses and Permits, Intergovernmental Revenues, Charges for Services, Fines, Special Assessments, Interest, and Other. Expenditures are expended for functions of General Government, Protection of Persons and Property, Public Works, Health and Sanitation, Transportation, Cultural and Recreational Services, Community Development, and Capital Outlay.

**MAJOR SPECIAL REVENUE FUNDS**

**Streets Fund** – Accounts for revenues received for maintenance and construction of the streets and alley rights-of-way within the City. Revenues are derived from its share of State gas tax revenues along with construction funding from the TDA Transfer Account.

**BEGIN Grant Fund** – Accounts for the activities of the Building Equity and Growth in Neighborhoods (BEGIN) Program which is funded by the State of California Department of Housing and Community Development. The program offers grants to cities for down-payment assistance to qualifying first-time homeowners with low and moderate incomes. The funds are awards are project specific and are for new construction only. In 2007/2008 the City was awarded \$3.6 million dollars to fund 120 homes under the BEGIN Program

**City of Wasco**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Taxes	\$ 4,112,247	\$ 4,260,567	\$ 4,214,212	\$ (46,355)
Licenses & Permits	149,500	139,500	162,086	22,586
Intergovernmental	5,000	5,000	50,319	45,319
Charges for Services	469,300	469,300	329,925	(139,375)
Fines, Forfeitures & Assessments	63,000	63,000	49,379	(13,621)
Use of Money or Property	34,000	34,000	18,597	(15,403)
Contributions and Donations	-	-	250,000	250,000
Miscellaneous	5,500	5,500	28,909	23,409
<b>Total Revenues</b>	<b>4,838,547</b>	<b>4,976,867</b>	<b>5,103,427</b>	<b>126,560</b>
<b>Expenditures:</b>				
Current:				
General Government				
Council	34,357	37,030	42,331	5,301
Manager	117,569	124,910	147,927	23,017
Finance & Accounting	89,096	57,876	67,179	9,303
Budget	32,121	10,413	11,478	1,065
Human Resources & Risk Management	29,817	17,574	19,300	1,726
Total General Government	302,960	247,803	288,215	40,412
Public Safety				
Sheriff	2,946,610	3,009,647	3,027,264	17,617
Animal Control	120,464	97,671	100,075	2,404
Fire	441,815	441,815	441,815	-
Total Public Safety	3,508,889	3,549,133	3,569,154	20,021
Community Development				
Planning	273,841	366,716	366,982	266
Engineering	285,927	262,140	224,406	(37,734)
Building Inspection	193,912	173,509	169,960	(3,549)
Code Compliance	138,181	126,544	130,758	4,214
Economic Development	-	-	41,595	41,595
Housing & Comm. Devp.	152,306	129,489	128,263	(1,226)
Total Community Development	1,044,167	1,058,398	1,061,964	3,566
Non Departmental	203,548	319,325	827,057	507,732
Capital Outlay:				
General Capital Outlay	6,000	14,100	266,610	252,510
Debt Service:				
Principal Retirement	-	-	11,908	11,908
Interest and Finance Charges	-	-	1,290	1,290
<b>Total Expenditures</b>	<b>5,065,564</b>	<b>5,188,759</b>	<b>6,026,198</b>	<b>837,439</b>
Excess of Revenues Over Expenditures	(227,017)	(211,892)	(922,771)	(710,879)
<b>Other Financing Sources (Uses):</b>				
Transfers In	229,000	229,000	197,695	(31,305)
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>229,000</b>	<b>229,000</b>	<b>197,695</b>	<b>(31,305)</b>
Net Change in Fund Balances	1,983	17,108	(725,076)	(742,184)
Fund Balances - Beginning	988,488	988,488	988,488	-
Fund Balances - Ending	<u>\$ 990,471</u>	<u>\$ 1,005,596</u>	<u>\$ 263,412</u>	<u>\$ (742,184)</u>

**City of Wasco**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**STREETS FUND**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Taxes	\$ 236,461	\$ 236,461	\$ 230,270	\$ (6,191)
Licenses & Permits	700	700	954	254
Intergovernmental	2,881,090	2,907,899	1,114,286	(1,793,613)
Charges for Services	1,000	1,000	-	(1,000)
Use of Money or Property	10,000	10,000	690	(9,310)
Miscellaneous	10,000	10,000	24,874	14,874
<b>Total Revenues</b>	<b>3,139,251</b>	<b>3,166,060</b>	<b>1,371,074</b>	<b>(1,794,986)</b>
<b>Expenditures:</b>				
Current:				
Public Works	1,239,062	1,261,541	962,877	(298,664)
Capital Outlay:				
General Capital Outlay	75,000	75,000	3,218	(71,782)
Street Improvements	3,345,722	3,365,222	1,130,314	(2,234,908)
Principal Retirement	24,542	24,542	21,600	(2,942)
<b>Total Expenditures</b>	<b>4,684,326</b>	<b>4,726,305</b>	<b>2,118,009</b>	<b>(2,608,296)</b>
Excess of Revenues Over Expenditures	(1,545,075)	(1,560,245)	(746,935)	813,310
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,545,632	1,565,132	1,041,322	(523,810)
Transfers Out	-	-	(40,008)	(40,008)
<b>Total Other Financing Sources (Uses)</b>	<b>1,545,632</b>	<b>1,565,132</b>	<b>1,001,314</b>	<b>(563,818)</b>
Net Change in Fund Balances	557	4,887	254,379	249,492
Fund Balances - Beginning	936,318	936,318	936,318	-
Fund Balances - Ending	<b>\$ 936,875</b>	<b>\$ 941,205</b>	<b>\$ 1,190,697</b>	<b>\$ 249,492</b>

**City of Wasco**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**BEGIN Grant**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ 310,000	\$ 310,000	\$ -	\$ (310,000)
Use of Money or Property	20,000	20,000	5,661	(14,339)
<b>Total Revenues</b>	<b>330,000</b>	<b>330,000</b>	<b>5,661</b>	<b>(324,339)</b>
<b>Expenditures:</b>				
Current:				
Community Development	310,000	310,000	-	(310,000)
Capital Outlay:				
General Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>310,000</b>	<b>310,000</b>	<b>-</b>	<b>(310,000)</b>
Excess of Revenues Over Expenditures	20,000	20,000	5,661	(14,339)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	(20,000)	(20,000)	(960)	19,040
<b>Total Other Financing Sources (Uses)</b>	<b>(20,000)</b>	<b>(20,000)</b>	<b>(960)</b>	<b>19,040</b>
Net Change in Fund Balances	-	-	4,701	4,701
Fund Balances - Beginning	141,450	141,450	141,450	-
Fund Balances - Ending	\$ 141,450	\$ 141,450	\$ 146,151	\$ 4,701

**City of Wasco**  
SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for revenues derived from specific taxes, governmental grants, or other revenue sources that are designated to finance particular functions and activities of the City. Four funds and one component unit are reported as major funds and are presented in the basic financial statements. Eleven funds are separately identified in the Non-Major Special Revenue Funds combining schedules and they account for all of the Non-Major Governmental Funds presented in the basic financial statements.

**Non-Major Special Revenue Funds**

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

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

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

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

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

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

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

**1993 CDBG Grant Fund** – Accounts for the Community Development Block Grant (CDBG) received in 1991 and 1993. The grant funds are disbursed to homeowners who meet low and moderate income guidelines and qualify for the CDBG program as deferred loans, grants or below market interest rate loans. The revenue collected year to year as loan payments or loan payoffs is used to fund the City's local portion of CDBG projects and helps enhance the programs offered by the Special Programs Financing Department.

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

**City of Wasco**  
SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUNDS – (continued)**

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

**CHFA Rehab Grant Fund** – Accounts for funding from the California Housing Finance Agency. The funds are used to make rehabilitation loans to both rental property owners and owner-occupants. This program will help the City's low income citizens by enabling rental property owners to improve their properties and requiring that the rental occupants meet the State's Low-Income Guidelines.

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

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

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

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

**Miscellaneous Grants** – From time to time the City obtains grants that are not budgeted. This usually occurs when grants are applied for, but the results are not known until after the budget has been adopted, or when grants are applied for and received in the middle of the year. This fund was created to properly account for and maintain those grants that are awarded to the City.

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

**City of Wasco**  
SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUNDS – (continued)**

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

**Cal Home Grant Reuse Fund** – The City has received several rounds of funding from the Cal Home Program and as loans are repaid the money is placed in the Cal Home Reuse Fund. The Cal Home Reuse money is available to continue with owner occupied rehabilitation loans.

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

**2007 HOME Grant Fund** – Accounts for HOME Grant funds received through the California Department of Housing and Community Development. These grant funds are used for first time home buyer assistance. Qualified applicants can get gap financing under this program for the purchase of their first home.

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

**Edward Byrne Memorial Grant Fund** – This fund was created to account for code enforcement related activities proposed in an application by the City to The Edward Byrne Memorial State and Local Law Enforcement Assistance Grant Program (Byrne Formula Grant Program) which is a partnership among federal, state, and local governments to create safer communities. This Grant was not awarded to the City and the expenses within the fund were expended prior to the release of the notice of Award. This fund was closed out on June 30, 2010 and will not be continued.

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

**City of Wasco**  
SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUNDS – (continued)**

**RDA Low and Moderate Income Housing (component unit)** – Accounts for the Wasco Redevelopment Agency’s (a component unit of the City) required 20% set-aside of tax revenues specifically to be used toward low and moderate income housing projects as required by State Law.

**Public Finance Authority (component unit)** – Accounts for the general fund the Wasco Public Finance Authority (a component unit of the City). The Wasco Public Finance Authority was created for the purpose of issuing its bonds to be used to provide financial assistance to the City, the Agency or any other public entity of the State of California. The Public Finance Authority does not prepare an annual budget.

**City of Wasco**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2010**

2003 Cal Home Grant Fund	2004 CDBG Grant Fund	2004 Cal Home Grant Fund	Miscellaneous Grants	2005 Cal Home Grant Fund	CDBG Revolving Loan Fund	Cal Home Grant Reuse	2006 Cal Home Grant Fund	2007 HOME Grant Fund	BEGIN Grant Reuse	Edward Byrne Memorial Grant	HOME Grant Reuse	RDA Low and Moderate Income Housing	Public Financing Authority	Total Non-Major Special Revenue Funds
\$ 261	\$ 62,414	\$ -	\$ -	\$ 123	\$ 61,362	\$ 502,651	\$ 43,008	\$ -	\$ 10,927	\$ -	\$ 5,110	\$ 1,284,099	\$ 62,463	\$ 3,868,877
-	2,500	-	-	-	4	340	799	136,114	-	-	-	22,663	-	262,086
-	-	-	-	-	-	-	3,800	-	-	-	-	-	-	4,714
-	-	-	-	-	-	-	-	-	-	-	-	-	-	341
374,451	111,672	446,780	-	392,152	140,445	32,905	202,234	677,135	-	-	-	26,255	-	3,044,466
\$ 374,712	\$ 176,586	\$ 446,780	\$ -	\$ 392,275	\$ 201,811	\$ 535,896	\$ 249,841	\$ 813,249	\$ 10,927	\$ -	\$ 5,110	\$ 1,333,017	\$ 62,463	\$ 7,180,484
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,839	\$ 29,409
-	-	-	3,617	-	-	-	-	138,888	-	-	-	-	-	240,139
-	-	-	-	45,563	-	-	64,524	-	-	-	-	-	-	110,087
-	-	-	3,617	45,563	-	-	68,324	138,888	-	-	-	-	24,839	379,635
-	-	-	-	-	-	-	3,800	-	-	-	-	-	-	4,714
374,451	111,672	446,780	-	392,152	140,445	32,905	202,234	677,135	-	-	-	26,255	-	3,044,466
261	64,914	-	(3,617)	(45,440)	61,366	502,991	(24,517)	(2,774)	10,927	-	5,110	1,306,762	37,624	3,751,669
374,712	176,586	446,780	(3,617)	346,712	201,811	535,896	181,517	674,361	10,927	-	5,110	1,333,017	37,624	6,800,849
\$ 374,712	\$ 176,586	\$ 446,780	\$ -	\$ 392,275	\$ 201,811	\$ 535,896	\$ 249,841	\$ 813,249	\$ 10,927	\$ -	\$ 5,110	\$ 1,333,017	\$ 62,463	\$ 7,180,484

**City of Wasco**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2010**

	TDA Streets	Lighting & Landscape	Emergency Response	Sewer Lift Station	Gas Tax	Traffic Safety	Traffic Impact	1993 CDBG Grant Fund	COPS Grant Fund	2002 Cal Home Grant Fund	CHFA Rehab Grant	2003 CDBG Grant Fund
<b>Assets:</b>												
Cash and Investments	\$ -	\$ 120,336	\$ 2,801	\$ -	\$ 437,556	\$ 206,859	\$ 658,398	\$ 70,199	\$ -	\$ 1,166	\$ 306,862	\$ 32,282
Receivables, net	71,467	1,806	-	-	-	227	658	90	25,000	-	377	41
Prepaid Costs	-	914	-	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	341	-	-	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	235,338	-	191,668	58,523	154,908
<b>Total Assets</b>	<b>\$ 71,467</b>	<b>\$ 123,397</b>	<b>\$ 2,801</b>	<b>\$ -</b>	<b>\$ 437,556</b>	<b>\$ 207,086</b>	<b>\$ 659,056</b>	<b>\$ 305,627</b>	<b>\$ 25,000</b>	<b>\$ 192,834</b>	<b>\$ 365,762</b>	<b>\$ 187,231</b>
<b>Liabilities:</b>												
Accounts Payable	\$ -	\$ 675	\$ -	\$ 95	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	70,675	-	-	1,959	-	-	-	-	25,000	-	-	-
Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>70,675</b>	<b>675</b>	<b>-</b>	<b>2,054</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>												
Reserved For:												
Prepaid Costs	-	914	-	-	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	235,338	-	191,668	58,523	154,908
Unreserved:												
Undesignated	792	121,808	2,801	(2,054)	437,556	207,086	659,056	70,289	-	1,166	307,239	32,323
<b>Total Fund Balances (Deficit)</b>	<b>792</b>	<b>122,722</b>	<b>2,801</b>	<b>(2,054)</b>	<b>437,556</b>	<b>207,086</b>	<b>659,056</b>	<b>305,627</b>	<b>-</b>	<b>192,834</b>	<b>365,762</b>	<b>187,231</b>
<b>Total Liabilities &amp; Fund Balances</b>	<b>\$ 71,467</b>	<b>\$ 123,397</b>	<b>\$ 2,801</b>	<b>\$ -</b>	<b>\$ 437,556</b>	<b>\$ 207,086</b>	<b>\$ 659,056</b>	<b>\$ 305,627</b>	<b>\$ 25,000</b>	<b>\$ 192,834</b>	<b>\$ 365,762</b>	<b>\$ 187,231</b>

**City of Wasco**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES (DEFICITS)**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**Year ended June 30, 2010**

	TDA Streets	Lighting & Landscape	Emergency Response	Sewer Lift Station	Gas Tax	Traffic Safety	Traffic Impact	1993 CDBG Grant Fund	COPS Grant Fund	2002 Cal Home Grant Fund	CHFA Rehab Grant	2003 CDBG Grant Fund
<b>Revenues:</b>												
Taxes	\$ -	\$ 117,637	\$ -	\$ -	\$ 384,993	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	635,438	-	-	-	-	-	-	-	100,000	-	-	-
Charges for Services	-	-	-	-	-	-	25,762	-	-	-	-	-
Fines, Forfeitures & Assessments	-	-	-	789	-	36,234	-	-	-	-	-	-
Use of Money or Property	-	-	-	-	-	1,129	3,341	649	-	7,991	3,944	4,930
Contributions and Donations	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>635,438</b>	<b>117,637</b>	<b>-</b>	<b>789</b>	<b>384,993</b>	<b>37,363</b>	<b>29,103</b>	<b>649</b>	<b>100,000</b>	<b>7,991</b>	<b>3,944</b>	<b>4,930</b>
<b>Expenditures:</b>												
Current:												
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-
Public Works	-	73,665	-	1,700	-	11,173	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay:												
General Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-
Street Improvements	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>73,665</b>	<b>-</b>	<b>1,700</b>	<b>-</b>	<b>11,173</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues Over Expenditures	635,438	43,972	-	(911)	384,993	26,190	29,103	649	100,000	7,991	3,944	4,930
<b>Other Financing Sources (Uses):</b>												
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-
Transfers Out	(634,647)	-	-	-	(406,281)	-	(394)	(33,637)	(100,000)	(11,324)	-	(13,405)
<b>Total Other Financing Sources (Uses)</b>	<b>(634,647)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(406,281)</b>	<b>-</b>	<b>(394)</b>	<b>(33,637)</b>	<b>(100,000)</b>	<b>(11,324)</b>	<b>-</b>	<b>(13,405)</b>
<b>Net Change in Fund Balances</b>	<b>791</b>	<b>43,972</b>	<b>-</b>	<b>(911)</b>	<b>(21,288)</b>	<b>26,190</b>	<b>28,709</b>	<b>(32,988)</b>	<b>-</b>	<b>(3,333)</b>	<b>3,944</b>	<b>(6,475)</b>
Fund Balances - Beginning	1	78,750	2,801	(1,143)	458,844	180,896	630,347	338,615	-	196,167	361,818	195,706
Fund Balances - Ending	\$ 792	\$ 122,722	\$ 2,801	\$ (2,054)	\$ 437,556	\$ 207,086	\$ 659,056	\$ 305,627	\$ -	\$ 192,834	\$ 365,762	\$ 187,231

**City of Wasco**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES (DEFICITS)**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**Year ended June 30, 2010**

2003 Cal Home Grant Fund	2004 CDBG Grant Fund	2004 Cal Home Grant Fund	Miscellaneous Grants	2005 Cal Home Grant Fund	CDBG Revolving Loan Fund	Cal Home Grant Reuse	2006 Cal Home Grant Fund	2007 HOME Grant Fund	BEGIN Grant Reuse	Edward Byrne Memorial Grant	HOME Grant Reuse	RDA Low and Moderate Income Housing	Public Financing Authority	Total Non-Major Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 502,630
-	-	-	35,000	-	-	-	125,003	280,821	-	-	-	-	-	1,176,262
-	-	-	-	-	-	-	20,192	-	-	-	-	-	-	45,954
-	-	-	-	-	-	-	-	-	-	-	-	-	37,367	74,390
9,930	3,577	1,748	-	1,278	3,549	1,727	1,560	-	-	-	-	3,262	-	48,615
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9,930	3,577	1,748	35,000	1,278	3,549	1,727	146,755	280,821	-	-	-	3,262	37,367	1,847,851
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	86,538
-	9,100	11,167	2,600	-	-	-	-	-	-	33,637	-	3,335	44,330	104,169
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	9,100	11,167	2,600	-	-	-	-	-	-	33,637	-	3,335	44,330	190,707
9,930	(5,523)	(9,419)	32,400	1,278	3,549	1,727	146,755	280,821	-	(33,637)	-	(73)	(6,963)	1,657,144
-	-	-	-	-	22,844	32,890	-	-	960	33,637	5,110	305,092	-	400,533
(2,744)	(9,439)	(5,672)	-	(2,375)	-	(1,803)	(30,967)	(40,802)	-	-	-	-	-	(1,293,490)
(2,744)	(9,439)	(5,672)	-	(2,375)	22,844	31,087	(30,967)	(40,802)	960	33,637	5,110	305,092	-	(892,957)
7,186	(14,962)	(15,091)	32,400	(1,097)	26,393	32,814	115,788	240,019	960	-	5,110	305,019	(6,963)	764,187
367,526	191,548	461,871	(36,017)	347,809	175,418	503,082	65,729	434,342	9,967	-	-	1,027,998	44,587	6,036,662
\$ 374,712	\$ 176,586	\$ 446,780	\$ (3,617)	\$ 346,712	\$ 201,811	\$ 535,896	\$ 181,517	\$ 674,361	\$ 10,927	\$ -	\$ 5,110	\$ 1,333,017	\$ 37,624	\$ 6,800,849

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**TDA STREETS**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ 752,495	\$ 752,495	\$ 635,438	\$ (117,057)
Use of Money or Property	-	-	-	-
<b>Total Revenues</b>	<b>752,495</b>	<b>752,495</b>	<b>635,438</b>	<b>(117,057)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(792,545)	(792,545)	(634,647)	157,898
<b>Total Other Financing Sources (Uses)</b>	<b>(792,545)</b>	<b>(792,545)</b>	<b>(634,647)</b>	<b>157,898</b>
<b>Net Changes in Fund Balances</b>	<b>(40,050)</b>	<b>(40,050)</b>	<b>791</b>	<b>40,841</b>
Fund Balances - Beginning	1	1	1	-
<b>Fund Balances - Ending</b>	<b>\$ (40,049)</b>	<b>\$ (40,049)</b>	<b>\$ 792</b>	<b>\$ 40,841</b>

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**LIGHTING & LANDSCAPE FUND**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Taxes	\$ 74,200	\$ 74,200	\$ 117,637	\$ 43,437
Contributions and Donations	-	-	-	-
<b>Total Revenues</b>	<b>74,200</b>	<b>74,200</b>	<b>117,637</b>	<b>43,437</b>
<b>Expenditures:</b>				
Current:				
Public Works	74,200	76,600	73,665	(2,935)
Capital Outlay:				
Street Improvements	-	-	-	-
<b>Total Expenditures</b>	<b>74,200</b>	<b>76,600</b>	<b>73,665</b>	<b>(2,935)</b>
Excess of Revenues Over Expenditures	-	(2,400)	43,972	46,372
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	-	(2,400)	43,972	46,372
Fund Balances - Beginning	78,750	78,750	78,750	-
Fund Balances - Ending	<b>\$ 78,750</b>	<b>\$ 76,350</b>	<b>\$ 122,722</b>	<b>\$ 46,372</b>

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**EMERGENCY RESPONSE**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
<b>Expenditures:</b>				
Current:				
Public Works	-	-	-	-
Capital Outlay:				
General Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	-	-	-
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning	2,801	2,801	2,801	-
Fund Balances - Ending	\$ 2,801	\$ 2,801	\$ 2,801	\$ -

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**SEWER LIFT STATION FUND**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Fines, Forfeitures & Assessments	\$ 20,000	\$ 20,000	\$ 789	\$ (19,211)
Total Revenues	20,000	20,000	789	(19,211)
<b>Expenditures:</b>				
Current:				
Public Works	5,000	5,000	1,700	(3,300)
Capital Outlay:				
General Capital Outlay	-	-	-	-
Total Expenditures	5,000	5,000	1,700	(3,300)
Excess of Revenues Over Expenditures	15,000	15,000	(911)	(15,911)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	15,000	15,000	(911)	(15,911)
Fund Balances - Beginning	(1,143)	(1,143)	(1,143)	-
Fund Balances - Ending	\$ 13,857	\$ 13,857	\$ (2,054)	\$ (15,911)

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**GAS TAX FUND**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Taxes	\$ 418,000	\$ 418,000	\$ 384,993	\$ (33,007)
Total Revenues	418,000	418,000	384,993	(33,007)
<b>Expenditures:</b>				
Current:				
Public Works	-	-	-	-
Capital Outlay:				
General Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	418,000	418,000	384,993	(33,007)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	(727,068)	(727,068)	(406,281)	320,787
Total Other Financing Sources (Uses)	(727,068)	(727,068)	(406,281)	320,787
Net Change in Fund Balances	(309,068)	(309,068)	(21,288)	287,780
Fund Balances - Beginning	458,844	458,844	458,844	-
Fund Balances - Ending	\$ 149,776	\$ 149,776	\$ 437,556	\$ 287,780

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**TRAFFIC SAFETY FUND**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Fines, Forfeitures & Assessments	\$ 32,000	\$ 32,000	\$ 36,234	\$ 4,234
Use of Money or Property	2,000	2,000	1,129	(871)
<b>Total Revenues</b>	<b>34,000</b>	<b>34,000</b>	<b>37,363</b>	<b>3,363</b>
<b>Expenditures:</b>				
Current:				
Public Works	27,000	27,000	11,173	(15,827)
<b>Total Expenditures</b>	<b>27,000</b>	<b>27,000</b>	<b>11,173</b>	<b>(15,827)</b>
Excess of Revenues Over Expenditures	7,000	7,000	26,190	19,190
Fund Balances - Beginning	180,896	180,896	180,896	-
Fund Balances - Ending	<u>\$ 187,896</u>	<u>\$ 187,896</u>	<u>\$ 207,086</u>	<u>\$ 19,190</u>

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**TRAFFIC IMPACT FUND**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Charges for Services	\$ 25,000	\$ 25,000	\$ 25,762	\$ 762
Use of Money or Property	10,000	10,000	3,341	(6,659)
<b>Total Revenues</b>	<b>35,000</b>	<b>35,000</b>	<b>29,103</b>	<b>(5,897)</b>
<b>Expenditures:</b>				
Current:				
Public Works	-	-	-	-
Capital Outlay:				
General Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues Over Expenditures</b>	<b>35,000</b>	<b>35,000</b>	<b>29,103</b>	<b>(5,897)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	(26,019)	(26,019)	(394)	25,625
<b>Total Other Financing Sources (Uses)</b>	<b>(26,019)</b>	<b>(26,019)</b>	<b>(394)</b>	<b>25,625</b>
<b>Net Change in Fund Balances</b>	<b>8,981</b>	<b>8,981</b>	<b>28,709</b>	<b>19,728</b>
Fund Balances - Beginning	630,347	630,347	630,347	-
<b>Fund Balances - Ending</b>	<b>\$ 639,328</b>	<b>\$ 639,328</b>	<b>\$ 659,056</b>	<b>\$ 19,728</b>

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**1993 CDBG GRANT FUND**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Use of Money or Property	\$ 31,400	\$ 31,400	\$ 649	\$ (30,751)
Total Revenues	31,400	31,400	649	(30,751)
<b>Expenditures:</b>				
Current:				
Community Development	-	-	-	-
Capital Outlay:				
General Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	31,400	31,400	649	(30,751)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	(30,000)	(30,000)	(33,637)	(3,637)
Total Other Financing Sources (Uses)	(30,000)	(30,000)	(33,637)	(3,637)
Net Change in Fund Balances	1,400	1,400	(32,988)	(34,388)
Fund Balances - Beginning	338,615	338,615	338,615	-
Fund Balances - Ending	\$ 340,015	\$ 340,015	\$ 305,627	\$ (34,388)

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**COPS GRANT FUND**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Use of Money or Property	-	-	-	-
<b>Total Revenues</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
Public Safety	-	-	-	-
Capital Outlay:				
General Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues Over Expenditures	100,000	100,000	100,000	-
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(100,000)	(100,000)	(100,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>-</b>
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**2002 CAL HOME GRANT FUND**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Use of Money or Property	3,500	3,500	7,991	4,491
<b>Total Revenues</b>	<b>3,500</b>	<b>3,500</b>	<b>7,991</b>	<b>4,491</b>
<b>Expenditures:</b>				
Current:				
Community Development	-	-	-	-
Capital Outlay:				
General Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues Over Expenditures	3,500	3,500	7,991	4,491
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	(10,000)	(10,000)	(11,324)	(1,324)
<b>Total Other Financing Sources (Uses)</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>(11,324)</b>	<b>(1,324)</b>
Net Change in Fund Balances	(6,500)	(6,500)	(3,333)	3,167
Fund Balances - Beginning	196,167	196,167	196,167	-
Fund Balances - Ending	<b>\$ 189,667</b>	<b>\$ 189,667</b>	<b>\$ 192,834</b>	<b>\$ 3,167</b>

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**CHFA REHAB GRANT**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Use of Money or Property	\$ 8,500	\$ 8,500	\$ 3,944	\$ (4,556)
Intergovernmental	-	-	-	-
<b>Total Revenues</b>	<b>8,500</b>	<b>8,500</b>	<b>3,944</b>	<b>(4,556)</b>
<b>Expenditures:</b>				
Current:				
Community Development	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues Over Expenditures	8,500	8,500	3,944	(4,556)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	8,500	8,500	3,944	(4,556)
Fund Balances - Beginning	361,818	361,818	361,818	-
Fund Balances - Ending	<u>\$ 370,318</u>	<u>\$ 370,318</u>	<u>\$ 365,762</u>	<u>\$ (4,556)</u>

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**2003 CDBG GRANT FUND**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of Money or Property	4,100	4,100	4,930	830
<b>Total Revenues</b>	<b>4,100</b>	<b>4,100</b>	<b>4,930</b>	<b>830</b>
<b>Expenditures:</b>				
Current:				
Community Development	-	-	-	-
Capital Outlay:				
General Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues Over Expenditures	4,100	4,100	4,930	830
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	(5,100)	(5,100)	(13,405)	(8,305)
<b>Total Other Financing Sources (Uses)</b>	<b>(5,100)</b>	<b>(5,100)</b>	<b>(13,405)</b>	<b>(8,305)</b>
Net Change in Fund Balances	(1,000)	(1,000)	(8,475)	(7,475)
Fund Balances - Beginning	195,706	195,706	195,706	-
Fund Balances - Ending	<b>\$ 194,706</b>	<b>\$ 194,706</b>	<b>\$ 187,231</b>	<b>\$ (7,475)</b>

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**2003 CAL HOME GRANT FUND**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of Money or Property	2,600	2,600	9,930	7,330
<b>Total Revenues</b>	<b>2,600</b>	<b>2,600</b>	<b>9,930</b>	<b>7,330</b>
<b>Expenditures:</b>				
Current:				
Community Development	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues Over Expenditures	2,600	2,600	9,930	7,330
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	(2,600)	(2,600)	(2,744)	(144)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,600)</b>	<b>(2,600)</b>	<b>(2,744)</b>	<b>(144)</b>
Net Change in Fund Balances	-	-	7,186	7,186
Fund Balances - Beginning	367,526	367,526	367,526	-
Fund Balances - Ending	<b>\$ 367,526</b>	<b>\$ 367,526</b>	<b>\$ 374,712</b>	<b>\$ 7,186</b>

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**2004 CDBG GRANT FUND**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of Money or Property	8,700	8,700	3,577	(5,123)
<b>Total Revenues</b>	<b>8,700</b>	<b>8,700</b>	<b>3,577</b>	<b>(5,123)</b>
<b>Expenditures:</b>				
Current:				
Community Development	-	-	9,100	9,100
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>9,100</b>	<b>9,100</b>
Excess of Revenues Over Expenditures	8,700	8,700	(5,523)	(14,223)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	(8,700)	(8,700)	(9,439)	(739)
<b>Total Other Financing Sources (Uses)</b>	<b>(8,700)</b>	<b>(8,700)</b>	<b>(9,439)</b>	<b>(739)</b>
Net Change in Fund Balances	-	-	(14,962)	(14,962)
Fund Balances - Beginning	191,548	191,548	191,548	-
Fund Balances - Ending	<b>\$ 191,548</b>	<b>\$ 191,548</b>	<b>\$ 176,586</b>	<b>\$ (14,962)</b>

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**2004 CAL HOME GRANT FUND**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of Money or Property	800	800	1,748	948
<b>Total Revenues</b>	<b>800</b>	<b>800</b>	<b>1,748</b>	<b>948</b>
<b>Expenditures:</b>				
Current:				
Community Development	-	-	11,167	11,167
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>11,167</b>	<b>11,167</b>
Excess of Revenues Over Expenditures	800	800	(9,419)	(10,219)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	(1,000)	(1,000)	(5,672)	(4,672)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,000)</b>	<b>(1,000)</b>	<b>(5,672)</b>	<b>(4,672)</b>
Net Change in Fund Balances	(200)	(200)	(15,091)	(14,891)
Fund Balances - Beginning	461,871	461,871	461,871	-
Fund Balances - Ending	<b>\$ 461,671</b>	<b>\$ 461,671</b>	<b>\$ 446,780</b>	<b>\$ (14,891)</b>

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**MISCELLANEOUS GRANTS**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 35,000	\$ (15,000)
Total Revenues	50,000	50,000	35,000	(15,000)
<b>Expenditures:</b>				
Current:				
Community Development	50,000	50,000	2,600	(47,400)
Total Expenditures	50,000	50,000	2,600	(47,400)
Excess of Revenues Over Expenditures	-	-	32,400	32,400
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	32,400	32,400
Fund Balances - Beginning	(36,017)	(36,017)	(36,017)	-
Fund Balances - Ending	\$ (36,017)	\$ (36,017)	\$ (3,617)	\$ 32,400

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**2005 CAL HOME GRANT FUND**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ 35,000	\$ 35,000	\$ -	\$ (35,000)
Charges for Services	5,100	5,100	-	(5,100)
Use of Money or Property	-	-	1,278	1,278
<b>Total Revenues</b>	<b>40,100</b>	<b>40,100</b>	<b>1,278</b>	<b>(38,822)</b>
<b>Expenditures:</b>				
Current:				
Community Development	20,000	20,000	-	(20,000)
<b>Total Expenditures</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>	<b>(20,000)</b>
Excess of Revenues Over Expenditures	20,100	20,100	1,278	(18,822)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	(20,100)	(20,100)	(2,375)	17,725
<b>Total Other Financing Sources (Uses)</b>	<b>(20,100)</b>	<b>(20,100)</b>	<b>(2,375)</b>	<b>17,725</b>
Net Change in Fund Balances	-	-	(1,097)	(1,097)
Fund Balances - Beginning	347,809	347,809	347,809	-
Fund Balances - Ending	\$ 347,809	\$ 347,809	\$ 346,712	\$ (1,097)

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**CDBG REVOLVING LOAN FUND**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of Money or Property	5,100	5,100	3,549	(1,551)
<b>Total Revenues</b>	<b>5,100</b>	<b>5,100</b>	<b>3,549</b>	<b>(1,551)</b>
<b>Expenditures:</b>				
Current:				
Community Development	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues Over Expenditures	5,100	5,100	3,549	(1,551)
<b>Other Financing Sources (Uses):</b>				
Transfers In	13,800	13,800	22,844	9,044
Transfers Out	(2,000)	(2,000)	-	2,000
<b>Total Other Financing Sources (Uses)</b>	<b>11,800</b>	<b>11,800</b>	<b>22,844</b>	<b>11,044</b>
Net Change in Fund Balances	16,900	16,900	26,393	9,493
Fund Balances - Beginning	175,418	175,418	175,418	-
<b>Fund Balances - Ending</b>	<b>\$ 192,318</b>	<b>\$ 192,318</b>	<b>\$ 201,811</b>	<b>\$ 9,493</b>

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**CAL HOME GRANT REUSE**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of Money or Property	6,000	6,000	1,727	(4,273)
<b>Total Revenues</b>	<b>6,000</b>	<b>6,000</b>	<b>1,727</b>	<b>(4,273)</b>
<b>Expenditures:</b>				
Current:				
Community Development	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Revenues Over Expenditures	6,000	6,000	1,727	(4,273)
<b>Other Financing Sources (Uses):</b>				
Transfers In	58,600	58,600	32,890	(25,710)
Transfers Out	-	-	(1,803)	(1,803)
<b>Total Other Financing Sources (Uses)</b>	<b>58,600</b>	<b>58,600</b>	<b>31,087</b>	<b>(27,513)</b>
Net Change in Fund Balances	64,600	64,600	32,814	(31,786)
Fund Balances - Beginning	503,082	503,082	503,082	-
Fund Balances - Ending	<b>\$ 567,682</b>	<b>\$ 567,682</b>	<b>\$ 535,896</b>	<b>\$ (31,786)</b>

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**2006 CAL HOME GRANT FUND**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ 220,000	\$ 220,000	\$ 125,003	\$ (94,997)
Charges for Services	30,000	30,000	20,192	(9,808)
Use of Money or Property	1,500	1,500	1,560	60
<b>Total Revenues</b>	<b>251,500</b>	<b>251,500</b>	<b>146,755</b>	<b>(104,745)</b>
<b>Expenditures:</b>				
Current:				
Community Development	190,000	190,000	-	(190,000)
<b>Total Expenditures</b>	<b>190,000</b>	<b>190,000</b>	<b>-</b>	<b>(190,000)</b>
Excess of Revenues Over Expenditures	61,500	61,500	146,755	85,255
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	(60,000)	(60,000)	(30,967)	29,033
<b>Total Other Financing Sources (Uses)</b>	<b>(60,000)</b>	<b>(60,000)</b>	<b>(30,967)</b>	<b>29,033</b>
Net Change in Fund Balances	1,500	1,500	115,788	114,288
Fund Balances - Beginning	65,729	65,729	65,729	-
Fund Balances - Ending	<b>\$ 67,229</b>	<b>\$ 67,229</b>	<b>\$ 181,517</b>	<b>\$ 114,288</b>

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**2007 HOME GRANT FUND**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ 360,000	\$ 360,000	\$ 280,821	\$ (79,179)
Use of Money or Property	-	-	-	-
<b>Total Revenues</b>	<b>360,000</b>	<b>360,000</b>	<b>280,821</b>	<b>(79,179)</b>
<b>Expenditures:</b>				
Current:				
Community Development	306,000	306,000	-	(306,000)
<b>Total Expenditures</b>	<b>306,000</b>	<b>306,000</b>	<b>-</b>	<b>(306,000)</b>
Excess of Revenues Over Expenditures	54,000	54,000	280,821	226,821
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	(54,000)	(54,000)	(40,802)	13,198
<b>Total Other Financing Sources (Uses)</b>	<b>(54,000)</b>	<b>(54,000)</b>	<b>(40,802)</b>	<b>13,198</b>
Net Change in Fund Balances	-	-	240,019	240,019
Fund Balances - Beginning	434,342	434,342	434,342	-
<b>Fund Balances - Ending</b>	<b>\$ 434,342</b>	<b>\$ 434,342</b>	<b>\$ 674,361</b>	<b>\$ 240,019</b>

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**BEGIN GRANT REUSE**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of Money or Property	-	-	-	-
<hr/>				
Total Revenues	-	-	-	-
<b>Expenditures:</b>				
Current:				
Community Development	-	-	-	-
<hr/>				
Total Expenditures	-	-	-	-
<hr/>				
Excess of Revenues Over Expenditures	-	-	-	-
<b>Other Financing Sources (Uses):</b>				
Transfers In	20,000	20,000	960	(19,040)
Transfers Out	-	-	-	-
<hr/>				
Total Other Financing Sources (Uses)	20,000	20,000	960	(19,040)
<hr/>				
Net Change in Fund Balances	20,000	20,000	960	(19,040)
<hr/>				
Fund Balances - Beginning	9,967	9,967	9,967	-
<hr/>				
Fund Balances - Ending	\$ 29,967	\$ 29,967	\$ 10,927	\$ (19,040)

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**EDWARD BYRNE MEMORIAL GRANT**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ 255,834	\$ 255,834	\$ -	\$ (255,834)
Use of Money or Property	-	-	-	-
<b>Total Revenues</b>	<b>255,834</b>	<b>255,834</b>	<b>-</b>	<b>(255,834)</b>
<b>Expenditures:</b>				
Current:				
Community Development	255,834	255,834	33,637	(222,197)
<b>Total Expenditures</b>	<b>255,834</b>	<b>255,834</b>	<b>33,637</b>	<b>(222,197)</b>
Excess of Revenues Over Expenditures	-	-	(33,637)	(33,637)
<b>Other Financing Sources (Uses):</b>				
Transfers In	30,000	30,000	33,637	3,637
Transfers Out	(30,000)	(30,000)	-	30,000
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>33,637</b>	<b>33,637</b>
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning	-	-	-	-
<b>Fund Balances - Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**HOME GRANT REUSE**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of Money or Property	-	-	-	-
<hr/>				
Total Revenues	-	-	-	-
<b>Expenditures:</b>				
Current:				
Community Development	-	-	-	-
<hr/>				
Total Expenditures	-	-	-	-
<hr/>				
Excess of Revenues Over Expenditures	-	-	-	-
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	5,110	5,110
Transfers Out	-	-	-	-
<hr/>				
Total Other Financing Sources (Uses)	-	-	5,110	5,110
<hr/>				
Net Change in Fund Balances	-	-	5,110	5,110
<hr/>				
Fund Balances - Beginning	-	-	-	-
<hr/>				
Fund Balances - Ending	\$ -	\$ -	\$ 5,110	\$ 5,110

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**RDA LOW AND MODERATE INCOME HOUSING**  
**Year ended June 30, 2010**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Use of Money or Property	\$ 15,000	\$ 15,000	\$ 3,262	\$ (11,738)
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>15,000</b>	<b>15,000</b>	<b>3,262</b>	<b>(11,738)</b>
<b>Expenditures:</b>				
Current:				
Community Development	3,335	3,335	3,335	-
<b>Total Expenditures</b>	<b>3,335</b>	<b>3,335</b>	<b>3,335</b>	<b>-</b>
Excess of Revenues Over Expenditures	11,665	11,665	(73)	(11,738)
<b>Other Financing Sources (Uses):</b>				
Transfers In	285,078	285,078	305,092	20,014
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>285,078</b>	<b>285,078</b>	<b>305,092</b>	<b>20,014</b>
Net Change in Fund Balances	296,743	296,743	305,019	8,276
Fund Balances - Beginning	1,027,998	1,027,998	1,027,998	-
<b>Fund Balances - Ending</b>	<b>\$ 1,324,741</b>	<b>\$ 1,324,741</b>	<b>\$ 1,333,017</b>	<b>\$ 8,276</b>

**City of Wasco**  
**SUPPLEMENTARY INFORMATION**

**CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities which are financed from the City's and component units' general obligation bond, certificates of participation issues, special assessments, certain Federal grants and other specific receipts. The City has one Capital Projects Fund and it is reported as a major fund in the basic financial statements.

**RDA Capital Projects Fund (component unit)** – Accounts for the Wasco Redevelopment Agency's (a component unit of the City) capital projects fund.

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**RDA CAPITAL PROJECTS**  
**Year ended June 30, 2010**

	Original & Final Budget	Actual	Actual Over (Under) Budget
<b>Revenues:</b>			
Use of Money or Property	\$ 3,000	\$ 503	\$ (2,497)
Misellaneous	20,000	534	(19,466)
Sale of Inventory	-	-	-
<b>Total Revenues</b>	<b>23,000</b>	<b>1,037</b>	<b>(21,963)</b>
<b>Expenditures:</b>			
Community Development	372,263	370,907	(1,356)
Debt Service:			
Interest & Finance Charges	-	37,494	37,494
<b>Total Expenditures</b>	<b>372,263</b>	<b>408,401</b>	<b>36,138</b>
Excess of Revenues Over (Under) Expenditures	(349,263)	(407,364)	(58,101)
<b>Other Financing Sources (Uses):</b>			
Transfers In (Out)	349,263	349,263	-
Loan Proceeds	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>349,263</b>	<b>349,263</b>	<b>-</b>
Net Changes in Fund Balance	-	(58,101)	(58,101)
Fund Balance - Beginning	2,389,884	2,389,884	-
Fund Balance - Ending	<b>\$ 2,389,884</b>	<b>\$ 2,331,783</b>	<b>\$ (58,101)</b>

**City of Wasco**  
SUPPLEMENTARY INFORMATION

**DEBT SERVICE FUNDS**

Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Debt Service Funds are required if legally mandated or if financial resources are being accumulated for principal and interest payments maturing in future years. The City has one Debt Service Fund and it is reported as a major fund in the basic financial statements.

**RDA Debt Service Fund** – Accounts for the Wasco Redevelopment Agency's (a component unit of the City) debt service fund.

**City of Wasco**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL**  
**RDA DEBT SERVICE**  
**Year ended June 30, 2010**

	<u>Original &amp; Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Budget</u>
<b>Revenues:</b>			
Property Taxes	\$ 1,425,388	\$ 1,521,316	\$ 95,928
Use of Money or Property	10,000	3,022	(6,978)
	<hr/>		
Total Revenues	1,435,388	1,524,338	88,950
<b>Expenditures:</b>			
Community Development	227,826	240,279	12,453
Debt Service:			
Principal Retirement	195,000	195,000	-
Tax Increment Pass-Through Payments	423,407	403,914	(19,493)
ERAF Principal Payment	406,040	406,428	
Interest and Finance Charges	140,300	140,238	(62)
	<hr/>		
Total Expenditures	1,392,573	1,385,859	(7,102)
Excess of Revenues Over (Under) Expenditures	42,815	138,479	96,052
<b>Other Financing Sources (Uses):</b>			
Transfers In	145,000	145,000	-
Transfers Out	(722,106)	(654,355)	67,751
	<hr/>		
Total Other Financing Sources (Uses)	(577,106)	(509,355)	67,751
Net Changes in Fund Balance	(534,291)	(370,876)	163,803
Fund Balance - Beginning	587,579	587,579	-
	<hr/>		
Fund Balance - Ending	\$ 53,288	\$ 216,703	\$ 163,803
	<hr/> <hr/>		

**City of Wasco**  
SUPPLEMENTARY INFORMATION

**FIDUCIARY FUNDS**

Fiduciary Funds are used to report assets held by the City in a trustee or agency capacity for others and therefore cannot be used to support the City government's programs. These include Agency Funds.

**Agency Funds** – accounts for assets held by the City of Wasco Public Financing Authority as an agent for various local governments and other entities.

**CITY OF WASCO**  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**FINANCING AUTHORITY**  
**Year ended June 30, 2010**

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<b>Assets:</b>				
Cash and Investments	\$ 601,016	\$ 658,525	\$ (655,105)	\$ 604,436
Investments with Fiscal Agents - Restricted	508,282	-	(11,677)	496,605
Receivables	718	2,414	(718)	2,414
<b>Total Assets</b>	<b>\$ 1,110,016</b>	<b>\$ 660,939</b>	<b>\$ (667,500)</b>	<b>\$ 1,103,455</b>
<b>Liabilities:</b>				
Due to Bondholders	\$ 1,110,016	\$ 660,939	\$ (667,500)	1,103,455
<b>Total Liabilities</b>	<b>\$ 1,110,016</b>	<b>\$ 660,939</b>	<b>\$ (667,500)</b>	<b>\$ 1,103,455</b>

*City of*



INCORPORATED 1945

*City of*



INCORPORATED 1945

STATISTICAL SECTION

*City of*



INCORPORATED 1945

**City of Wasco  
Net Assets by Component  
Last Ten Fiscal Years\*  
(accrual basis of accounting)**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
Invested in capital assets, net of related debt	\$ 1,697,784	\$ 7,271,823	\$ 9,282,757	\$ 9,920,572	\$ 10,321,011	\$ 11,292,676	\$ 12,510,864	\$ 15,803,696
Restricted	33,736	454,128	-	-	-	-	9,943,281	8,254,537
Unrestricted	3,008,562	1,998,259	4,146,304	5,550,028	5,635,602	7,003,987	936,042	(125,377)
Total governmental activities net assets	<u>\$ 4,740,082</u>	<u>\$ 9,724,210</u>	<u>\$ 13,429,061</u>	<u>\$ 15,470,600</u>	<u>\$ 15,956,613</u>	<u>\$ 18,296,663</u>	<u>\$ 23,390,187</u>	<u>\$ 23,932,856</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ (500,474)	\$ 2,872,131	\$ 2,745,984	\$ 3,995,704	\$ 11,672,049	\$ 12,792,756	\$ 14,170,116	\$ 17,695,865
Restricted	2,274,650	2,850,967	2,765,250	3,408,935	3,124,665	3,155,468	2,832,699	2,539,352
Unrestricted	(3,410,201)	(3,466,106)	(2,469,080)	(2,128,531)	1,772,757	2,196,051	1,946,161	1,857,479
Total business-type activities net assets	<u>\$ (1,636,025)</u>	<u>\$ 2,256,992</u>	<u>\$ 3,042,154</u>	<u>\$ 5,276,108</u>	<u>\$ 16,569,471</u>	<u>\$ 18,144,275</u>	<u>\$ 18,948,976</u>	<u>\$ 22,092,696</u>
Primary government								
Invested in capital assets, net of related debt	\$ 1,197,310	\$ 10,143,954	\$ 12,028,741	\$ 13,916,276	\$ 21,993,060	\$ 24,085,432	\$ 26,680,980	\$ 33,499,561
Restricted	2,308,386	3,305,095	2,765,250	3,408,935	3,124,665	3,155,468	12,775,980	10,793,889
Unrestricted	(401,639)	(1,467,847)	1,677,224	3,421,497	7,408,359	9,200,038	2,882,203	1,732,102
Total primary government net assets	<u>\$ 3,104,057</u>	<u>\$ 11,981,202</u>	<u>\$ 16,471,215</u>	<u>\$ 20,746,708</u>	<u>\$ 32,526,084</u>	<u>\$ 36,440,938</u>	<u>\$ 42,339,163</u>	<u>\$ 46,025,552</u>

\* The City of Wasco implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available. This schedule is intended to ultimately cover 10 years worth of data. Only the first five years were available.

**City of Wasco**  
**Changes in Net Assets**  
**Last Ten Fiscal Years\***  
**(accrual basis of accounting)**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>								
Governmental activities:								
General government	\$ 991,642	\$ 975,433	\$ 1,113,205	\$ 828,505	\$ 1,617,100	\$ 513,373	\$ 773,807	\$ 1,569,457
Public safety	1,914,842	2,126,447	2,715,804	2,633,693	3,331,662	3,123,956	3,391,570	3,579,625
Public works	896,723	1,557,534	1,056,748	1,552,356	1,781,623	1,699,290	1,360,646	1,533,151
Community development	844,130	583,308	764,896	1,115,011	1,941,075	2,933,556	2,476,389	2,761,874
Interest on long-term debt	239,953	289,953	10,260	215,937	217,746	10,036	11,033	11,188
Total governmental activities expenses	<u>4,887,290</u>	<u>5,532,675</u>	<u>5,660,913</u>	<u>6,345,502</u>	<u>8,889,206</u>	<u>\$ 8,280,211</u>	<u>\$ 8,013,445</u>	<u>\$ 9,455,295</u>
Business-type activities:								
Water reclamation and sewer	1,193,518	1,382,290	1,365,625	1,308,610	1,476,178	1,810,270	1,711,734	1,468,349
Water utility	1,047,739	1,011,590	1,046,063	1,143,306	1,496,483	1,811,774	1,928,413	1,935,479
Refuse collection and disposal	1,037,197	1,072,572	1,211,532	1,379,554	1,677,105	2,086,186	2,166,436	2,191,694
Golf course	158,658	194,651	192,660	197,672	37,919	-	-	-
Public transportation	179,335	227,434	205,823	205,342	417,049	401,124	361,277	358,173
CNG Fueling Station	-	-	-	65	60,446	71,267	68,755	67,384
Total business-type activities expenses	<u>3,616,447</u>	<u>3,888,537</u>	<u>4,021,703</u>	<u>4,234,549</u>	<u>5,165,180</u>	<u>6,180,621</u>	<u>6,236,615</u>	<u>6,021,079</u>
Total primary government expenses	<u>\$ 8,503,737</u>	<u>\$ 9,421,212</u>	<u>\$ 9,682,616</u>	<u>\$ 10,580,051</u>	<u>\$ 14,054,386</u>	<u>14,460,832</u>	<u>14,250,060</u>	<u>15,476,374</u>
<b>Program Revenues</b>								
Governmental activities:								
Charges for service:								
General government	\$ 181,370	\$ 71,666	\$ 75,283	\$ 79,049	\$ 102,515	\$ 91,167	\$ 95,902	\$ 84,237
Public safety	238,387	312,962	347,346	375,852	375,115	125,604	94,595	87,015
Public works	81,428	584,476	386,155	351,148	856,014	510,125	192,827	93,122
Community development	109,437	38,467	198,994	394,214	298,143	657,515	340,647	411,836
Operating contributions and grants	223,001	337,520	519,744	377,824	1,121,182	763,357	1,675,519	591,144
Capital contributions and grants	347,750	71,245	2,431,596	1,545,108	1,211,349	1,557,424	2,715,349	1,594,418
Total governmental activities program revenues	<u>1,181,373</u>	<u>1,416,336</u>	<u>3,959,118</u>	<u>3,123,195</u>	<u>3,964,318</u>	<u>\$ 3,705,192</u>	<u>\$ 5,114,839</u>	<u>\$ 2,861,772</u>
Business-type activities:								
Charges for service:								
Water reclamation and sewer	1,513,606	1,748,885	1,929,329	2,192,149	2,086,823	2,784,850	2,217,204	2,177,630
Water utility	1,335,985	1,469,311	1,662,442	2,056,043	2,480,917	2,245,359	1,932,659	1,840,116
Refuse collection and disposal	1,256,222	1,357,344	1,465,586	1,478,915	1,515,649	2,186,430	2,115,724	2,201,280
Golf course	101,368	22,643	44,087	6,407	-	-	-	-
Public transportation	197,405	224,222	344,939	251,125	430,468	68,576	284,837	210,992
CNG Fueling Station	-	-	-	3,470	31,183	35,390	36,911	45,612
Operating contributions and grants	37,583	23,169	23,480	24,631	-	156,685	52,264	134,164
Capital contributions and grants	-	31,000	-	175,340	31,000	245,939	623,151	2,700,005
Total business-type activities program revenues	<u>4,442,169</u>	<u>4,876,574</u>	<u>5,469,863</u>	<u>6,188,080</u>	<u>6,576,040</u>	<u>7,723,229</u>	<u>7,262,750</u>	<u>9,309,799</u>
Total primary government program revenues	<u>\$ 5,623,542</u>	<u>\$ 6,292,910</u>	<u>\$ 9,428,981</u>	<u>\$ 9,311,275</u>	<u>\$ 10,540,358</u>	<u>\$ 11,428,421</u>	<u>\$ 12,377,589</u>	<u>\$ 12,171,571</u>
Net (expense)/revenue								
Governmental activities	\$ (3,705,917)	\$ (4,116,339)	\$ (1,701,795)	\$ (3,222,307)	\$ (4,924,888)	\$ (4,575,019)	\$ (2,898,606)	\$ (6,593,523)
Business-type activities	825,722	988,037	1,448,160	1,953,531	1,410,860	1,542,608	1,026,135	3,288,720
Total primary government net expense	<u>\$ (2,880,195)</u>	<u>\$ (3,128,302)</u>	<u>\$ (253,635)</u>	<u>\$ (1,268,776)</u>	<u>\$ (3,514,028)</u>	<u>\$ (3,032,411)</u>	<u>\$ (1,872,471)</u>	<u>\$ (3,304,803)</u>

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Taxes								
Property taxes	\$ 775,744	\$ 706,330	\$ 1,010,786	\$ 1,402,667	\$ 1,811,417	\$ 2,112,127	\$ 2,445,512	\$ 2,280,139
Sales taxes	816,805	831,975	878,882	1,026,058	1,169,916	1,148,056	1,171,253	1,022,594
Franchise taxes	208,699	222,737	234,247	251,062	273,391	289,841	331,021	310,000
Motor vehicle in-lieu taxes	1,290,557	1,198,138	1,356,345	1,701,399	1,817,415	2,068,960	2,286,558	2,091,777
State allocation of gas taxes	911,540	850,894	669,361	1,011,718	1,037,907	1,076,110	1,327,370	1,020,433
Other taxes	9,887	12,928	13,555	17,435	21,025	48,418	96,072	149,444
Unrestricted investment earnings	79,264	23,355	48,875	39,613	144,174	94,218	46,344	25,384
Gain on sale of inventory	-	166,594	33,900	10,121	-	-	-	-
Miscellaneous	63,475	143,133	87,498	84,196	196,091	109,535	66,566	91,421
Transfers	612,940	582,171	662,998	(280,423)	(1,060,435)	(32,196)	221,434	145,000
Change in accounting estimates	-	5,066,329	410,199	-	-	-	-	-
Total governmental activities	<u>4,768,911</u>	<u>9,804,584</u>	<u>5,406,646</u>	<u>5,263,846</u>	<u>5,410,901</u>	<u>6,915,069</u>	<u>7,992,130</u>	<u>7,136,192</u>
Business-type activities:								
Unrestricted investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	8,819,068 <sup>1</sup>	-	-	-
Transfers	(612,940)	(582,171)	(662,998)	280,423	1,060,435	-	-	-
Change in accounting estimates	-	3,487,151	-	-	-	32,196	(221,434)	(145,000)
Total business-type activities	<u>(612,940)</u>	<u>2,904,980</u>	<u>(662,998)</u>	<u>280,423</u>	<u>9,879,503</u>	<u>32,196</u>	<u>(221,434)</u>	<u>(145,000)</u>
Total primary government	<u>4,155,971</u>	<u>12,709,564</u>	<u>4,743,648</u>	<u>5,544,269</u>	<u>15,290,404</u>	<u>6,947,265</u>	<u>7,770,696</u>	<u>6,991,192</u>
<b>Change in Net Assets</b>								
Governmental activities	\$ 1,062,994	\$ 5,688,245	\$ 3,704,851	\$ 2,041,539	\$ 486,013	\$ 2,340,050	\$ 5,093,524	\$ 542,669
Business-type activities	212,782	3,893,017	785,162	2,233,954	11,290,363	1,574,804	804,701	3,143,720
Total primary government	<u>\$ 1,275,776</u>	<u>\$ 9,581,262</u>	<u>\$ 4,490,013</u>	<u>\$ 4,275,493</u>	<u>\$ 11,776,376</u>	<u>\$ 3,914,854</u>	<u>\$ 5,898,225</u>	<u>\$ 3,686,389</u>

111

<sup>1</sup> The increase from prior period was caused by the sale of the golf course activity and settlement on related bonds below face value.

\* The City of Wasco implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available. This schedule is intended to ultimately cover 10 years worth of data. Only the first five years were available.

**City of Wasco**  
**Governmental Activities Tax Revenues By Source**  
**Last Ten Fiscal Years\***  
**(accrual basis of accounting)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Motor Vehicle In-Lieu Tax</b>	<b>State Allocation of Gas Tax</b>	<b>Other Tax</b>	<b>Total</b>
2003	\$ 775,744	\$ 816,805	\$ 208,699	\$ 1,290,557	\$ 911,540	\$ 9,887	\$ 4,013,232
2004	706,330	831,975	222,737	1,198,138	850,894	12,928	\$ 3,823,002
2005	1,010,786	878,882	234,247	1,356,345	669,361	13,555	\$ 4,163,176
2006	1,402,667	1,026,058	251,062	1,701,399	1,011,718	17,435	\$ 5,410,339
2007	1,811,417	1,169,916	273,391	1,817,415	1,037,907	21,025	\$ 6,131,071
2008	2,112,127	1,148,056	289,841	2,068,960	1,076,110	48,418	\$ 6,743,512
2009	2,445,512	1,171,253	331,021	2,286,558	1,327,370	96,072	\$ 7,657,786
2010	2,280,139	1,022,594	310,000	2,091,777	1,020,433	149,444	\$ 6,874,387

\* The City of Wasco implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available. This schedule is intended to ultimately cover 10 years worth of data. Only the first five years were available.

**City of Wasco**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years\***  
**(modified accrual basis of accounting)**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
General fund								
Reserved	\$ 128,416	\$ 128,416	\$ -	\$ -	\$ 25,027	\$ 31,847	\$ 30,053	\$ 39,079
Unreserved	517,530	932,916	1,266,472	1,577,650	687,720	906,851	958,435	224,333
Total general fund	<u>\$ 645,946</u>	<u>\$ 1,061,332</u>	<u>\$ 1,266,472</u>	<u>\$ 1,577,650</u>	<u>\$ 712,747</u>	<u>\$ 938,698</u>	<u>\$ 988,488</u>	<u>\$ 263,412</u>
All other governmental funds								
Reserved	\$ 13,870,022	\$ 3,746,498	\$ 4,661,977	\$ 4,672,928	\$ 4,767,098	\$ 5,321,025	\$ 5,427,380	\$ 5,344,604
Unreserved, reported in:								
Special revenue funds	345,574	1,286,476	1,636,394	1,971,503	3,038,799	3,122,643	4,273,431	4,971,598
Capital projects funds	152,627	260,234	240,628	834,236	458,060	407,082	391,082	369,981
Debt service funds	-	-	-	-	48,555	-	-	-
Total all other governmental funds	<u>\$ 14,368,223</u>	<u>\$ 5,293,208</u>	<u>\$ 6,538,999</u>	<u>\$ 7,478,667</u>	<u>\$ 8,312,512</u>	<u>\$ 8,850,750</u>	<u>\$ 10,091,893</u>	<u>\$ 10,686,183</u>

\* The City of Wasco implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available. This schedule is intended to ultimately cover 10 years worth of data. Only the first five years were available.

**City of Wasco**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years\***  
**(modified accrual basis of accounting)**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>								
Taxes	\$ 3,525,308	\$ 3,375,002	\$ 3,928,812	\$ 4,933,573	\$ 5,696,668	\$ 5,974,587	\$ 7,024,678	\$ 6,468,428
Licenses and permits	210,026	282,409	329,765	371,835	355,066	278,930	140,894	163,040
Fines, forfeitures and assessments	84,588	69,069	39,017	50,985	63,642	126,551	132,821	123,769
Use of money or property	160,287	237,948	155,930	258,800	244,313	194,745	118,686	77,088
Intergovernmental	1,095,171	1,585,106	2,596,561	2,493,475	3,003,378	3,383,632	3,514,852	2,340,867
Charges for services	282,968	340,835	577,381	628,728	1,085,962	661,046	441,105	375,879
Contributions and Donations	-	-	-	-	-	-	1,509,139	250,000
Miscellaneous	-	-	-	-	14,197	35,903	27,108	54,317
Total revenues	<u>5,358,348</u>	<u>5,890,369</u>	<u>7,627,466</u>	<u>8,737,396</u>	<u>10,463,226</u>	<u>10,655,394</u>	<u>12,909,283</u>	<u>9,853,388</u>
<b>Expenditures</b>								
General government	544,252	615,026	816,192	757,396	1,052,512	402,432	383,601	288,215
Public safety	1,675,487	1,900,766	2,338,510	2,250,832	2,889,719	3,110,640	3,387,064	3,569,154
Public works	789,687	801,401	898,191	1,120,427	1,485,487	1,312,073	1,063,125	1,049,415
Community development	1,074,219	778,682	887,110	1,468,682	1,958,644	2,413,251	1,876,112	1,777,319
Non departmental	388,915	325,695	305,999	277,202	606,732	6,360	308,012	827,057
Capital outlay	232,466	747,004	1,155,555	952,509	1,448,650	1,874,192	3,998,484	1,400,142
Debt service								
Principal	135,000	124,426	209,767	160,000	510,448	194,837	212,888	228,508
Interest	296,519	275,052	228,207	219,079	209,494	201,269	189,823	179,022
Other charges	-	-	-	-	297,652	343,955	456,139	810,342
Total expenditures	<u>5,136,545</u>	<u>5,568,052</u>	<u>6,839,531</u>	<u>7,206,127</u>	<u>10,459,338</u>	<u>9,859,009</u>	<u>11,875,248</u>	<u>10,129,174</u>
Excess of revenues over (under) expenditures	221,803	322,317	787,935	1,531,269	3,888	796,385	1,034,035	(275,786)
<b>Other financing sources (uses)</b>								
Transfers in	1,065,574	1,570,813	1,683,752	1,616,917	2,321,787	3,333,917	3,212,221	2,133,813
Transfers out	(452,634)	(988,642)	(1,020,754)	(1,897,340)	(2,810,376)	(3,366,113)	(2,990,787)	(1,988,813)
Loan proceeds	-	-	-	-	453,643	-	-	-
Total other financing sources (uses)	<u>612,940</u>	<u>582,171</u>	<u>662,998</u>	<u>(280,423)</u>	<u>(34,946)</u>	<u>(32,196)</u>	<u>221,434</u>	<u>145,000</u>
Net change in fund balances	<u>\$ 834,743</u>	<u>\$ 904,488</u>	<u>\$ 1,450,933</u>	<u>\$ 1,250,846</u>	<u>\$ (31,058)</u>	<u>\$ 764,189</u>	<u>\$ 1,255,469</u>	<u>\$ (130,786)</u>
Debt service as a percentage of noncapital expenditures	8.80%	8.29%	7.71%	6.06%	11.29%	9.27%	10.90%	13.95%

\* The City of Wasco implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available. This schedule is intended to ultimately cover 10 years worth of data. Only the first five years were available.

**City of Wasco**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property				Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Industrial Property	Other Property	Unsecured Property			
2001	197,340,887	34,785,419	24,627,863	15,115,640	9,798,540	(1,744)	281,668,349	2.26
2002	208,586,782	36,362,305	24,863,523	14,635,558	9,865,801	(35,331)	294,313,969	2.29
2003	215,040,647	51,883,848	12,658,765	15,754,157	10,411,744	(619,817)	305,749,161	2.26
2004	241,650,696	51,084,016	4,805,347	23,593,710	9,500,145	(596,393)	330,633,914	2.20
2005	250,204,533	52,289,623	8,611,090	25,899,684	9,223,450	(619,675)	346,228,380	2.28
2006	280,722,875	57,792,213	12,081,256	29,485,770	11,429,075	(49,384)	391,511,189	2.74
2007	331,758,057	62,099,887	18,350,449	50,175,007	11,401,146	(90,183)	473,784,546	3.03
2008	378,557,857	64,190,867	13,806,003	88,875,398	12,096,892	(166,340)	557,527,017	2.91
2009	434,659,664	67,803,708	18,918,540	107,780,710	14,160,343	(165,325)	643,322,965	2.88
2010	411,384,716	77,429,803	29,941,301	73,192,453	19,151,609	(1,453,825)	611,099,882	3.08

Source: Kern County Auditor Controller's Office

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Tax rates are per \$1,000 of assessed value.

**City of Wasco  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>City Direct Rate:</b>	0.0908	0.0908	0.0908	0.0908	0.0908	0.0908	0.0908	0.0908	0.0908	0.0908	0.0908	0.0911
<b>Overlapping Rates</b>												
Kern County Cemetery No1	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142
Kern County Advertising	0.0006	0.0006	0.0006	0.0006	0.0006	0.0006	0.0006	0.0006	0.0006	0.0006	0.0006	0.0006
Education	0.0181	0.0181	0.0181	0.0181	0.0181	0.0181	0.0181	0.0181	0.0181	0.0181	0.0181	0.0181
Education Revenue Augmentation Fund	0.1552	0.1552	0.1552	0.1552	0.1552	0.1552	0.1552	0.1552	0.1552	0.1552	0.1552	0.1549
Kern County Fire Department	0.0861	0.0861	0.0861	0.0861	0.0861	0.0861	0.0861	0.0861	0.0861	0.0861	0.0861	0.0861
Kern County Community College	0.0551	0.0551	0.0551	0.0551	0.0551	0.0551	0.0551	0.0551	0.0551	0.0551	0.0551	0.0551
Kern County	0.1628	0.1628	0.1628	0.1628	0.1628	0.1628	0.1628	0.1628	0.1628	0.1628	0.1628	0.1628
Kern County Water Agency	0.0059	0.0059	0.0059	0.0059	0.0059	0.0059	0.0059	0.0059	0.0059	0.0059	0.0059	0.0059
Kern County Mosquito Abatement	0.0074	0.0074	0.0074	0.0074	0.0074	0.0074	0.0074	0.0074	0.0074	0.0074	0.0074	0.0074
Wasco High School District	0.1655	0.1655	0.1655	0.1655	0.1655	0.1655	0.1655	0.1655	0.1655	0.1655	0.1655	0.1655
Wasco Recreation & Parks District	0.0470	0.0470	0.0470	0.0470	0.0470	0.0470	0.0470	0.0470	0.0470	0.0470	0.0470	0.0470
Wasco Union Elementary School District	0.1913	0.1913	0.1913	0.1913	0.1913	0.1913	0.1913	0.1913	0.1913	0.1913	0.1913	0.1913
Total Direct & Indirect Property Tax	<u>1.0000</u>											
<b>Overlapping Debt Assessment Rates</b>												
Kern Community College	0.00000	0.00000	0.00000	0.00000	0.00000	0.01180	0.00918	0.00963	0.00528	0.00805	0.00905	0.00905
Kern County Water Agency	0.00000	0.00000	0.03126	0.02936	0.03107	0.03635	0.03424	0.02555	0.01875	0.02421	0.02062	0.02690
Shafter-Wasco Irrigation District: Debt	0.31250	0.31250	0.31250	0.31250	0.31250	0.31250	0.31250	0.31250	0.31250	0.31250	0.31250	0.31250
Wasco Union Elementary School District: 2008A	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02833	0.02833
	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.02936</u>	<u>0.03267</u>	<u>0.03660</u>	<u>0.03486</u>	<u>0.02993</u>	<u>0.02804</u>	<u>0.02858</u>	<u>0.02858</u>
Total Overlapping Debt Assessment Rates	<u>0.31250</u>	<u>0.31250</u>	<u>0.34376</u>	<u>0.34186</u>	<u>0.37293</u>	<u>0.39332</u>	<u>0.39252</u>	<u>0.38254</u>	<u>0.36646</u>	<u>0.37280</u>	<u>0.39908</u>	<u>0.40536</u>
<b>Total Tax Rates:</b>	<u><u>1.31251</u></u>	<u><u>1.31251</u></u>	<u><u>1.34377</u></u>	<u><u>1.34187</u></u>	<u><u>1.37294</u></u>	<u><u>1.39333</u></u>	<u><u>1.39253</u></u>	<u><u>1.38255</u></u>	<u><u>1.36647</u></u>	<u><u>1.37281</u></u>	<u><u>1.39909</u></u>	<u><u>1.40534</u></u>

Source: Hdl, Coren & Cone; Kern County Auditor Controller's Office

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

**City of Wasco  
Principal Property Taxpayers  
June 30, 2010**

<u>Taxpayer</u>	2010				2000			
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Estimated Total Tax</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Estimated Total Tax</u>	<u>Percentage of Total Taxable Assessed Value</u>
Sunnygen LLC	\$ 20,441,781	1	\$ 163,257	0.36%	-	-	-	-
Certis United States	17,475,705	2	139,569	0.31%	-	-	-	-
Savage Industries Inc.	7,033,973	3	54,532	0.12%	-	-	-	-
Valley Rose Estates	3,743,032	4	29,894	0.07%	-	-	-	-
Precision Hay	1,917,273	5	15,312	0.03%	-	-	-	-
Jesse M. Zapata	3,720,435	6	10,532	0.07%	-	-	-	-
Heller Development Company Inc.	11,721,258	7	10,451	0.21%	-	-	-	-
Jeffries Bros. Inc.	3,022,332	8	9,326	0.05%	-	-	-	-
Sarno Sarno Test Trust	6,920,368	9	8,790	0.12%	-	-	-	-
Surjit Kumar	965,532	10	7,711	0.02%	-	-	-	-
Thermo Trilogy Corporation	-	-	-	-	13,336,325	1	76,277	5.00%
Newco Corporation	-	-	-	-	8,463,115	2	48,405	3.17%
Jeffries Bros. Inc.	-	-	-	-	1,952,951	3	5,758	0.73%
Western Ag Investment Inc.	-	-	-	-	676,508	4	3,869	0.25%
West Family Trust	-	-	-	-	626,489	5	3,564	0.23%
Howard Hay Company Inc.	-	-	-	-	606,848	6	3,471	0.23%
Gregorio A. and Maria T. Rivera	-	-	-	-	612,883	7	3,417	0.23%
Valley Rose Development Corporation	-	-	-	-	563,978	8	3,226	0.21%
Milton M. and Betty Younger Trust	-	-	-	-	1,295,667	9	3,207	0.49%
Wasco Commercial Group	-	-	-	-	3,515,122	10	3,184	1.32%

**City of Wasco  
Property Tax levies and Collections  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Total Tax Levy for Fiscal Year</b>	<b>Collected within the Fiscal year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2001	311,801	308,787	99%	(20,972)	287,815	92%
2002	322,190	318,491	99%	20,965	339,456	105%
2003	335,078	332,246	99%	647	332,893	99%
2004	353,858	348,587	99%	757	349,344	99%
2005	417,794	414,428	99%	4,908	419,336	100%
2006	493,785	492,111	100%	7,339	499,450	101%
2007	583,214	564,574	97%	14,933	579,507	99%
2008	668,136	647,007	97%	21,106	668,114	100%
2009	587,841	587,841	100%	-	587,841	100%
2010	664,169	664,169	100%	7,767	624,106	94%

Source: Kern County Auditor Controllers Office

\* This schedule is intended to ultimately cover 10 years worth of data. Only the first nine years were available from the Kern County Auditor Controllers Office.

**City of Wasco  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years\***

Fiscal Year	Governmental Activities					Business-Type Activities				Total Primary Gov.	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Tax Allocation Bonds	Revenue Bonds	Capital Leases	Other Long-Term Debt	Revenue Bonds	Notes Payable	Capital Leases	Compensated Absences			
1999												
2000												
2001										-		
2002										-		
2003	\$ -	\$ 2,890,000	\$ 555,000	\$ -	\$ 103,820	\$ 10,200,000	\$ 4,574,936	\$ 42,533	\$ 34,746	\$ 18,401,035	5.89%	\$ 838
2004	-	2,810,795	532,800	-	398,799	10,030,000	4,341,846	-	44,628	18,158,868	5.74%	816
2005	-	2,685,795	507,800	-	342,000	9,855,000	4,166,550	-	40,285	17,597,430	5.43%	770
2006	-	2,550,795	482,800	-	342,000	9,670,000	3,889,773	-	40,285	16,975,653	5.06%	716
2007	-	2,410,795	457,800	108,195	342,000	620,000	3,606,926	196,532	70,516	7,812,764	2.29%	323
2008	-	2,220,000	435,000	88,358	430,358	420,000	3,923,699	102,822	108,457	7,728,694	2.19%	309
2009	-	2,065,000	405,000	95,934	342,000	215,000	3,594,264	102,822	97,006	6,917,026	1.92%	272
2010		1,900,000	375,000	62,427	692,000	-	2,847,552	366,896	102,837	6,346,712	1.74%	248

The City of Wasco implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available. This schedule is intended to ultimately cover 10 years worth of data. Only the first five years were available.

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

<sup>1</sup> See the Schedule of Demographic and Economic Statistics for personal income and population data.

**City of Wasco  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2010**

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt <u>6/30/2010</u>	<u>% Applicable(1)</u>	City's Share of <u>Debt 6/30/10</u>
Kern Community College District Safety, Repair and Improvement District	\$111,721,213	0.671%	\$749,649
Wasco Union School District	5,839,786	52.035	3,038,733
Wasco Union High School District	15,500,000	12.279	1,903,245
Semitropic Water Storage District Improvement District	2,300,000	0.101	2,323
City of Wasco 1915 Act Bonds	3,880,000	100	3,880,000
Kern Community College District Assessment District	4,465,000	0.727	32,461
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$9,606,411</b>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Kern County Certificates of Participation	\$136,830,000	0.618%	\$845,609
Kern County Pension Obligations	474,206,067	0.618	2,930,593
Kern County Board of Education Certificates of Participation	53,470,000	0.618	330,445
Kern County Joint Community College District Certificates of Participation	172,175,000	0.588	1,012,389
Wasco Union High School District Certificates of Participation	60,000	12.279	7,367
<b>City of Wasco</b>	<b>0</b>	<b>100</b>	<b>0</b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$5,126,403</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$14,732,814 (2)</b>

(1) Percentage of overlapping agency's valuation located within boundaries of the city.

(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2009-10 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 1.60%

Ratios to Adjusted Assessed Valuation:

**Combined Direct Debt 0.00%**

Combined Total Debt 3.23%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10 \$0

Source: California Municipal Statistics, Inc.

**City of Wasco  
Pledged-Revenue Coverage  
Last Ten Fiscal Years\***

Fiscal Year	Wastewater Revenue Bonds and Notes Payable						Coverage
	Wastewater Charges and Other	Less: Operating Expenses	Net Available Revenues	Debt Service			
				Principal	Interest		
2003	\$ 1,322,279	\$ 582,919	\$ 739,360	376,814	\$ 185,192	1.32	
2004	1,421,537	767,115	\$ 654,422	388,514	172,304	1.17	
2005	1,435,674	771,700	\$ 663,974	398,088	161,186	1.19	
2006	1,580,222	730,257	\$ 849,965	413,948	148,215	1.51	
2007	1,541,492	904,760	\$ 636,732	424,962	134,906	1.14	
2008	2,035,551	1,233,039	\$ 802,512	441,361	120,624	1.43	
2009	2,085,592	1,124,831	\$ 960,761	452,475	106,109	1.72	
2010							

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements. Sewer charges and other includes investment earning but not connection fees. Operating expenses do not include interest or depreciation.

\* The City of Wasco implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available. This schedule is intended to ultimately cover 10 years worth of data. Only the first five years were available.

**City of Wasco  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b>Fiscal</b>	<b>City</b>	<b>County</b>	<b>Personal Income in</b>	<b>Per Capita Personal</b>	<b>High School</b>	<b>Unemployment</b>
2000	21,263	658,935	\$ 302,766.00	\$ 14,710	83.4%	20.6%
2001	21,450	686,000	\$ 304,781.00	\$ 15,389	69.8%	19.6%
2002	21,700	687,600	\$ 308,679.00	\$ 15,647	86.2%	18.3%
2003	22,250	702,837	\$ 318,445.00	\$ 16,026	76.0%	19.2%
2004	22,858	724,883	\$ 326,285.00	\$ 16,662	85.1%	18.5%
2005	23,708	753,070	\$ 336,531.00	\$ 17,265	71.9%	15.7%
2006	24,303	779,869	\$ 343,422.00	\$ 18,159		14.4%
2007	24,156 *	801,648	\$ 340,551.00	\$ 18,690 *		15.6%
2008	24,999	817,517	\$ 352,474.00	\$ 19,702		18.2%
2009	25,434	827,173	\$ 359,918.00	\$ 19,497		25.9%**

<sup>1</sup>Dates reflect calendar years January through December

<sup>2</sup>Source: United States Census Bureau for 1999, adjusted for CPI 1998, 2000 - 2008

<sup>3</sup>Source: US Census Bureau, Population 25 years and over

<sup>4</sup>Source: California Department of Education

<sup>5</sup>Source: California Employment Development Dept.

\*Drop in total population occurred because of change in prison population from 6,399 in 2006 to 6,122 in 2007. Household population rose from 17,904 in 2006 to 18,034 in 2007.

\*\*Average January through September

**City of Wasco  
Principal Employers  
Current Year and Nine Years Ago**

Employer	2010			Employer	2001*			Percent of Total City Employment
	Number of Employees	Rank	Percent of Total City Employment		Number of Employees	Rank	Percent of Total City Employment	
Wasco State Prison	1,324	1	20.37%		-	1	0.00%	0.02%
Bear Creek Production	1,115	2	17.15%					
Wasco Union Elementary School District	363	3	5.58%		-	2	0.00%	0.03%
Wasco Union High School District	124	4	1.91%		-	3	0.00%	0.05%
K-Mart	107	5	1.65%		-	4	0.00%	0.06%
Certis	74	6	1.14%		-	5	0.00%	0.08%
City of Wasco	52	7	0.80%		-	6	0.00%	0.09%
Semi-Tropic Water Storage District	37	8	0.57%		-	7	0.00%	0.11%
Save Mart Supermarket	36	9	0.55%		-	8	0.00%	0.12%
Savage Coal Service Company	35	10	0.54%		-	9	0.00%	0.14%
<b>Total</b>	<b>3,267</b>		<b>50.26%</b>	<b>Total</b>	<b>-</b>		<b>0.00%</b>	<b>0.69%</b>

Source: City of Wasco, Wasco Chamber of Commerce

\* The City of Wasco implemented GASB 44 for the fiscal year ended June 30, 2007. Information prior to the implementation of GASB 44 is not available.

**City of Wasco  
Property Tax Rates  
Full-time Equivalent City Government Employees by Function  
Last Ten Fiscal Years**

<b>Function</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
General Government	13.00	14.75	14.88	14.88	18.75	17.18	28.52	15.02	11.20	16.49
Public Safety										
Police officers and staff <sup>1</sup>										
Firefighters and officers <sup>2</sup>										
Highways and streets										
Engineering	3.25	3.38	2.30	2.30	1.00	1.35	2.70	3.75	0.8	1.85
Maintenance	8.25	7.75	7.45	7.45	7.70	12.96	15.56	11.09	13.91	12.91
Community development	-	1.75	1.50	1.50	2.19	3.15	2.45	10.45	6.75	1.96
Public Transit	2.50	2.50	2.65	2.65	2.55	2.56	3.35	3.20	3.00	3.00
CNG Fueling Station	-	-	-	-	-	-	0.10	0.10	0.10	0.10
Sanitation	9.75	8.80	10.00	10.00	10.51	11.55	14.64	14.51	15.57	14.57
Water	4.00	6.05	5.55	5.55	5.76	5.94	7.77	7.45	7.93	7.58
Sewer	4.25	3.65	4.80	4.80	5.53	5.43	7.26	6.23	7.24	6.54
<b>Total</b>	<b>45.00</b>	<b>48.63</b>	<b>49.13</b>	<b>49.13</b>	<b>53.99</b>	<b>60.12</b>	<b>82.35</b>	<b>71.80</b>	<b>66.50</b>	<b>65.00</b>

Source: City of Wasco

<sup>1</sup> Police Services are provided by Kern County under a service contract.

<sup>2</sup> Fire Services are provided by Kern County under a service contract.

**City of Wasco  
Property Tax Rates  
Operating Indicators by Function  
Last Ten Fiscal Years\***

<b>Function</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2,008</b>	<b>2009</b>	<b>2010</b>
City Manager										
Ordinances passed	n/a	n/a	n/a	n/a	7	35	40	35	24	25
Resolutions processed	n/a	n/a	n/a	n/a	110	85	90	85	151	82
Public hearings noticed	n/a	n/a	n/a	n/a	65	110	100	105	62	48
Finance & accounting										
A/P checks processed	1,850	2,200	2,421	2,376	2,507	2,583	2,703	2,587	2,403	2,260
Payroll checks processed	1,100	1,200	1,426	1,516	1,619	1,859	2,280	2,447	2,061	1,736
Purchase orders issued			776	860	1,151	1,401	1,768	2,330	3,932	3,548
Planning										
Residential site plans	n/a	n/a	n/a	140	300	326	400	125	93	107
Combined site plans	n/a	n/a	n/a	25	12	9	10	20	17	n/a
Engineering										
Completed projects	n/a	n/a	n/a	4	6	10	11	15	12	15
Police Department										
Calls responded to	15,263	16,698	18,296	16,367	16,786	17,502	18,741	26,229	18,122	n/a
Traffic citations issued	1,674	1,427	1,807	1,986	1,128	1,166	2,431	3,011	1,622	n/a
Animal Services										
Animals processed	n/a	n/a	1,286	1,286	1,131	1,304	1,111	1,151	1,342	927
Animals adopted/returned	n/a	n/a	721	721	710	480	383	332	412	844
Building Inspection										
Permits requested	n/a	n/a	n/a	600	596	754	427	550	234	303
Inspections completed	n/a	n/a	n/a	4,273	4,800	5,200	4,400	2,400	1,418	1,264
Code Compliance										
Cases	n/a	n/a	n/a	1,460	1,490	1,460	1,490	887	1,564	
Streets & roads										
Street signs replaced	n/a	n/a	n/a	n/a	100	85	140	114	157	30
Sq. Feet of graffiti removed	n/a	n/a	n/a	n/a	5,800	10,000	8,246	15,165	26,127	18,756
Miles of street rejuvenated	n/a	n/a	n/a	n/a	-	9	4	8	3	2
Public Transit										
Total customers	n/a	n/a	22,600	n/a	n/a	26,053	31,386	28,594	22,593	19,812
Total Mileage	n/a	n/a	n/a	n/a	n/a	34,084	40,666	37,354	35,990	32,159
Wastewater										
Effluent BOD requirement	n/a	n/a	n/a	n/a	98%	100%	100%	100%	100%	100%
Suspended solids requirement	n/a	n/a	n/a	n/a	99%	100%	100%	100%	100%	100%
Dissolved oxygen level requirement	n/a	n/a	n/a	n/a	99%	100%	100%	100%	100%	100%
Sewage overflow	n/a	n/a	n/a	n/a	-	-	-	-		3
Water										
Pumping cost per MGAL	\$ 160	\$ 175	\$ 275	\$ 275	\$ 250	\$ 240	\$ 225	\$ 275	\$ 296	\$ 293
Million gallons pumped	1,375	1,400	1,400	1,425	1,500	1,425	1,450	1,546	1,570	1,501
Sanitation										
Traffic accidents	n/a	n/a	n/a	n/a	1	-	-	-	1	2
Landfill trips	n/a	n/a	n/a	n/a	2,964	3,200	4,216	4,103	3,640	3,725

\* The City of Wasco implemented performance measures at various times over the past ten years. Historical information is not available prior to the implementation of the measures. This schedule is intended to ultimately cover ten years worth of data.

**City of Wasco  
Property Tax Rates  
Capital Asset Statistics by Function  
Last Ten Fiscal Years\***

<b>Function</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Police Department										
Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	45.24	53.43	53.43	53.43	53.43	66.01	66.84	66.84	66.84	110.84
Streetlights	564	564	578	578	624	624	693	694	701	712
Traffic Signals	-	-	-	-	1	1	2	2	2	2
Parks and Recreation										
Parks	1	1	1	1	1	2	2	2	3	4
Water										
Water lines (miles)	49.12	49.32	58.45	58.45	58.45	59.98	60.51	61.35	61.35	61.35
City well sites	5	6	6	6	6	6	6	6	7	7
Fire hydrants	425	440	440	440	449	461	461	463	463	463
Wastewater										
Sanitary sewers (miles)	15.23	15.89	16.02	16.02	17.45	17.45	18.00	19.27	19.27	19.27
Storm sewers (miles)	11.47	12.56	12.56	12.56	14.44	14.44	14.44	14.44	14.44	14.44
Treatment capacity (mgd)	3	3	3	3	3	3	3	3	3	3
Public Transit										
Dial-a-ride busses	2	1	2	2	2	3	4	4	4	4
Sanitation										
Collection trucks	4	4	6	5	6	6	7	7	7	7

126

Source: City of Wasco

\* Capital asset historical information is not available prior to 2000. This schedule is intended to ultimately cover ten years worth of data.

1 The number of parks reported includes only parks owned and operated by the City of Wasco and does not include parks owned and/or operated by the Wasco Parks and Recreation District.