

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2006



CITY OF

Rose Capital of the Nation

Maraca
California

CITY COUNCIL



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Mayor*



*Danny Espitia
Mayor Pro Tem*



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Council Member*



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Council Member*

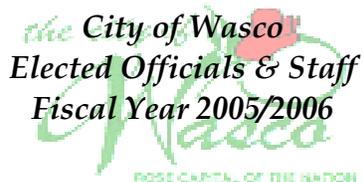


*Tilo Cortez
Council Member*

CITY CLERK



*Vickie Hight
City Clerk*



CITY TREASURER



*Rocio Mosqueda
City Treasurer*

ADMINISTRATIVE STAFF



*Larry Pennell
City Manager*



*Alan Peake
City Attorney*



*Jim Zerovis
Admin. Services Dir.
Finance Director*



*Keith Woodcock
Planning Director*



*Marty Jones
Public Works Director*



*Ron Mittag
Economic Dev. Director*



*Sgt. Kevin Zimmermann
Wasco Police Services*

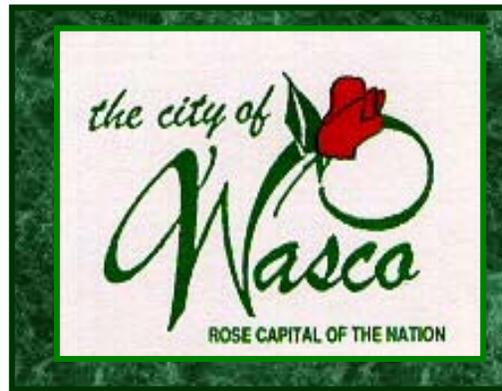


*Com. Joseph Pilkington
N. Kern Division K.C.S.O*



COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE



Fiscal Year Ended June 30, 2006

Prepared by :

Director of Administrative Services and Finance
Jim Zervis

City Treasurer
Rocío Mosqueda

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of



INCORPORATED 1945

**CITY OF WASCO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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December 31, 2006

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

Letter of Transmittal of the CAFR

We are pleased to present to you the City's Comprehensive Annual Financial Report for fiscal year ended June 30, 2006. This year's report has been prepared according to the Governmental Accounting Standard Board (GASB) Statement No. 34 – "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" (GASB 34).

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. According to the governmental accounting standards, governments establish separate funds to segregate financial resources that are subject to special regulations. In the past, the emphasis of governmental financial reporting has been on individual funds and their short-term financial resource inflows and outflows. Under the new reporting model, while governments continue to maintain the fund-based accounting, further focus is on the government as a single unit with the addition of a long-term perspective. This report is published to fulfill that requirement for the fiscal year ended June 30, 2006.

The Administrative Services Department has prepared this report in accordance with the generally accepted accounting principles. Therefore, the City assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been 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 of any material misstatements.

As required by the City of Wasco's Municipal Code Albert & Associates, LLP, Certified Public Accountants an independent auditing firm, has been engaged to review the City's financial records and the internal control system. Albert & Associates, LLP, Certified Public Accounts, have issued an unqualified ("clean") opinion on the City of Wasco's financial statements for the year end June 30, 2006. The independent auditor's report is located at the front of the financial section of this report.

As a recipient of Federal funds, the City is also required to undergo a single audit in conformity with the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133. Information relating to the single audit, including the expenditures of federal awards, auditors' findings, recommendations, and reports on the internal control structure will be issued in a separate 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 complements 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 9.29 square miles and serves a population of 24,448 of which includes approximately 6,034 prison inmates. The City of Wasco relies on taxes from various sources and agencies; such as, property tax, sales tax, motor vehicle-in-lieu 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 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 for police services and has fire protection provided by the County. 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 typically adopts a final budget no later than the close of the 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). Department heads may transfer resources within a department according to the legal levels of budgetary control defined within the City Budget. Transfers between departments, however, need special approval from the City Manager.

Information Useful in Assessing the Government's Economic Condition

In fiscal year 2005-2006 Wasco growth in revenues and fees was not due to industry or commercial growth, but rather to consistently high residential growth. The City of Wasco experienced residential growth of approximately 4.0% for fiscal year 2005-2006. This the same growth rate experienced in the last fiscal year.

The City has also been active in providing affordable housing units. Three years ago the Council approved the formation of the Community Housing Department. This department is a full service department designed to assist low and moderate single home owners rehabilitate and improve there home with deferred low interest loans. To accomplish this objective the city applied for and has been awarded over \$5.5 million in housing rehabilitation grants from various organizations

such as the Community Development Block Grant, CalHome, Home, and CalFHA. The department has rehabilitated over 60 single family homes and built 3 apartments since its inception. Additionally the Wasco Housing Authority has built several low to moderate apartment complexes, which serves the areas farm labor work force.

The City Council intends to continue to improve efforts to recruit and retain industrial and commercial businesses. One of the steps taken by City Council was to hire an Economic Development Director and allocating resources to assist this new position to recruit, attract, locate and retain potential industrial and commercial companies. Additionally the City Council developed and approved a 2005 – 2009 Five-Year Implementation Plan for the Wasco Redevelopment Agency. This Plan focuses on achieving specific goals including the encouragement of economic development, to sponsor needed public improvements in the project area, and to increase, preserve and improve the supply of very low, low and moderate income housing opportunities for ownership and rental markets.

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.

The City of Wasco is universally known as the "Rose Capital of the Nation". The area around the City blooms May through September each year with over 5-million rose plants. 60% of the rose plants grown nationwide are produced by eight major commercial companies located in the Wasco area. 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.

Factors affecting Long-term financial planning

In fiscal year 2004-2005 the City was successful in obtaining a buyer for Valley Rose Estates; a 97 acre defaulted bond residential development on the west side of the Wasco Valley Rose Golf Course on the Highway 46 corridor. This sale will help improve the financial position of the City by resolving defaulted bonds and several law suits. Additionally the eventual development of this property in fiscal year 2005-2006 will increase various City revenues.

The City has also been successful in obtaining a buyer for the Wasco Valley Rose Golf Course. The Wasco Valley Rose Golf Course was financed with revenue lease bonds that are currently in default. The sale of the Golf Course will help to improve the financial position of the City by resolving an \$8,890,000 defaulted revenue lease bond.

The sale of Valley Rose Estates and Valley Rose Golf Course closed in August 2006. Both of these projects were generating annual expenses and cash losses. With this final closure the cash losses stop. In addition the Golf Course Fund had a fund deficit of (\$3,974,161) at June 30, 2006. With the final sale of the golf course and settlement on outstanding bonds this fund deficit is eliminated which greatly improves the financial position of the City of Wasco as a whole.

The City was awarded \$500,000 in funding through the 2006 Cal home 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. One of the goals of the Community Programs Department is to eliminate neighborhood blight through housing rehab – one house at a time.

The City was awarded a grant to assist in development for senior housing. The City was awarded \$1,000,000 from the HOME Program to participate in the development of an 81 unit Senior Housing Complex. An outside Administrative consultant has been hired to administer the grant during construction phase and then the Housing and Community Programs Department will pick up and maintain to 50 year reporting requirements of the grant.

The City of Wasco as is other Cities in the State of California is faced with escalating cost of public safety and reductions in revenues from the State that assists in the funding for public safety. Having a high level of police protection services in the City of Wasco is a priority of the City Council. The City Council wants to maintain a minimum of one officer per one thousand citizens. In order to assist in the high costs of policing services, the City Council was the third City in the State to pass the police parcel tax. This tax is levied only on new residential development. This will ensure new residential development within the City limits pays its share of the added cost for additional officers.

Touched on briefly above, the City has developed its first five year strategic plan, which was presented to the City Council in January of 2005. The plan did address, but was not limited to economic development, infrastructure, equipment, facilities and staffing levels. Additionally the plan identified unprecedented residential growth rate. It was estimated that the City will double its population within 5 years. Currently the City's planning department has over 3,000 homes in various stages of planning and development.

The unprecedented residential growth mentioned above has placed emphasis on the City's infrastructure. In the coming year City Staff will be presenting to the City Council engineering plans to expand the Wastewater Plant from 3 MGD to 4.5 MGD, add 1 new water well to the Water Department looped water system and upgrade 3 existing wells. These items will be more than sufficient to meet the future demands of our growing community.

Cash management 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 receives an average yield of 4.5% for fiscal year ended on June 30 2006. Additionally the City of Wasco invested \$1,500,000 into an account with Merrill Lynch. The Funds at Merrill Lynch are invested in liquid money market and government securities, and corporate bonds; which is an investment strategy approved by City Council.

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% @ 60 plan. Active members are required to contribute 8.186% and the City of Wasco contributes 16.045%. 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 City of Wasco believes that our current Comprehensive Annual Financial Report (CAFR) meets the program requirements to receive the Government Finance Officers Association (GFOA) and the California Society of Finance Officers (CSMFO) Certificate of Achievement for Excellence in Financial Reporting, and the City will be submitting the 2005-2006 CAFR to both programs to determine its eligibility for a certificate.

The City has received from the Government Finance Officers Association (GFOA) a Certificate of Achievement for Excellence in Financial Reporting for fiscal year 2004-2005. This is the second year the City has received this certificate award.

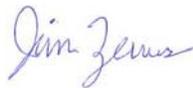
The City has received from the California Society of Municipal Finance Officers (CSMFO) a Certificate of Award in Excellence in Operational Budgeting for fiscal year 2005-2006, which constitutes receipt of the award for 5 consecutive years.

The preparation of this report would not have been possible without the efficient and dedicated service of the Administration and Finance department and the Accounting Manager – Rocio Mosqueda. We wish to express our appreciation to all members of the City departments who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Wasco's finances.

Respectfully



Larry Pennell
City Manager



Jim Zervis
Administrative Services Director/
Finance Director

**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, 2005. This was the 2nd 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, 2005

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.



Carla E. Fudge

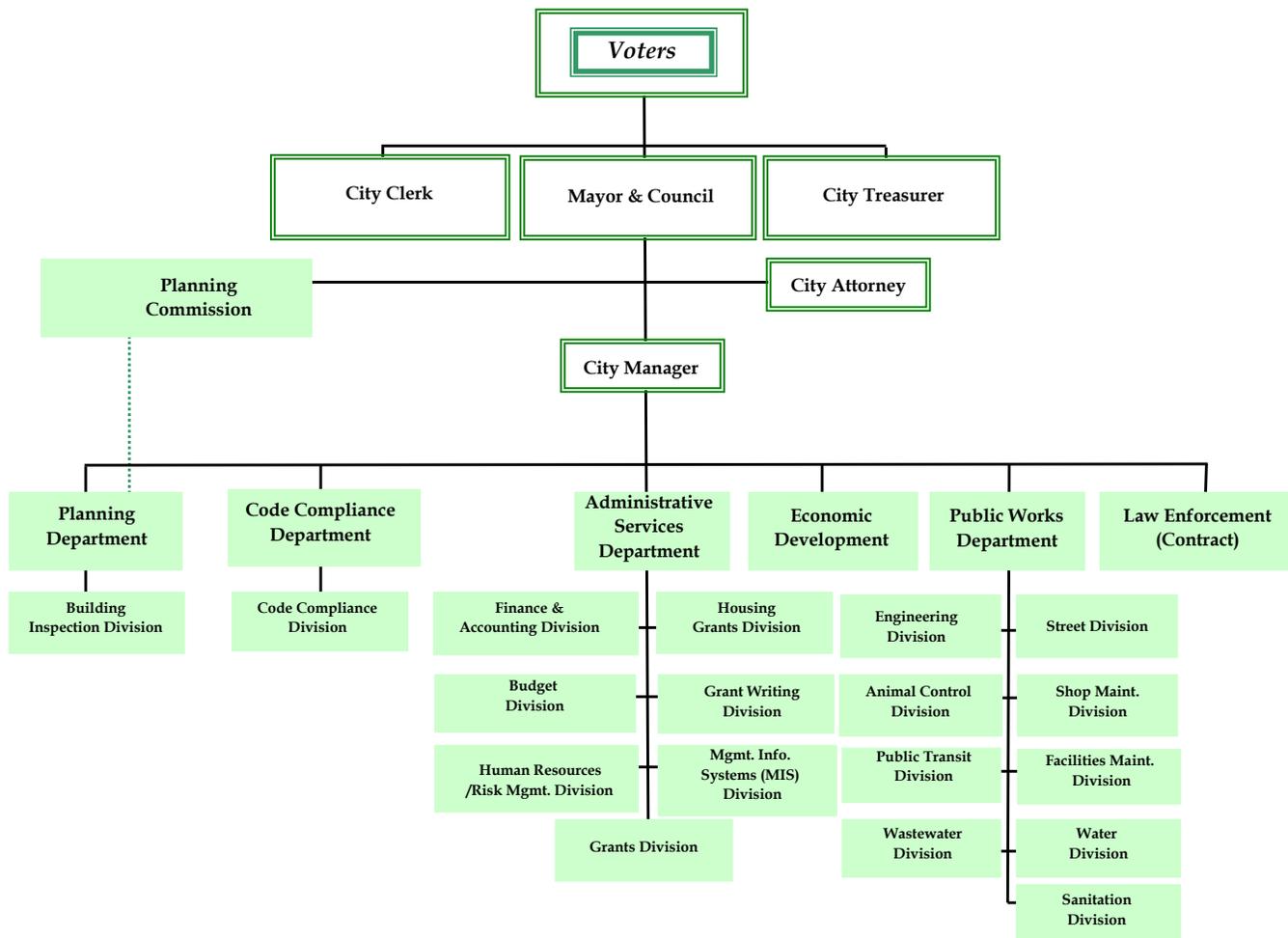
President

Jeffrey R. Emer

Executive Director



**City of Wasco Organizational Chart
Fiscal Year 2005-06**



City of



INCORPORATED 1945

Albert & Associates, LLP

Certified Public Accountants

Independent Auditors' 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, 2006, 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 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, 2006, and the respective changes in financial position, and, where applicable, cash flows, 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 23, 2006, 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.

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The management's discussion and analysis and budgetary comparison information as listed in the required supplementary information section of the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements, 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 non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Albert & Associates, LLP

Wasco, California
October 23, 2006

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, 2006. 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 iii-iv 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 \$20,746,708. Of this amount, \$3,421,497 may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental Activity unrestricted net assets is \$5,550,028 and Business-Type Activities unrestricted net assets is a deficit of (\$2,128,531) caused by a 13 year defaulted capital lease debt bond payment on the Wasco Valley Rose Golf Course (see Notes 9, 14, 15, & 16).
- The government's total net assets increased by \$4,275,493. Approximately a 26 percent of this increase is attributable to revenues received from the City's unprecedented residential housing growth of 3 percent. 43 percent of the increase was caused by an increase in non-current assets, 38 percent of the increase was caused by an increase in current assets, and 19 percent was caused by a reduction in City liabilities (payables and intergovernmental payables)
- As of the close of the current fiscal year, the City of Wasco's governmental funds reported a combined ending fund balances of \$9,056,317, an increase of \$1,250,846 caused by increases cash and receivables and reductions in various liabilities. Approximately \$3,247,297 of this amount is available for spending at the government's discretion.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$1,004,116 or 22 percent of total general fund expenditures.
- The City of Wasco's total long-term debt decreased by \$621,777 (4 percent) during the current fiscal year. The decreased was caused by normal debt 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 of activities 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 and highways and streets. The business-type activities of the City of Wasco include a Water, Disposal, Wastewater, Public Transportation, Compressed Natural Gas (CNG) Fueling Station, and Golf Course operation.

The government-wide financial statements include not only the City of Wasco itself (known as the primary government), but also a legally separate Wasco Redevelopment Agency and Wasco Public Financing Authority for which the City of Wasco is financially accountable.

The government –wide financial statements can be found on pages 16-17 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 twenty-two 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, and redevelopment agency fund, all of which are considered to be major funds. Data from the

nineteen 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 18-21 of this report.

Proprietary funds. The City of Wasco maintains six 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, Disposal, Wastewater, Public Transportation, Compressed Natural Gas (CNG) Fueling Station and Golf Course operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Wastewater, Disposal, Public Transportation, Compressed Natural Gas (CNG) Fueling Station, and Golf Course operations. 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 fund, wastewater fund, golf course, and disposal funds, all of which are considered to be major funds. The public transit fund and compressed natural gas (CNG) fueling station fund are considered non-major funds. Data from the non-major proprietary funds are combined into a single, aggregated presentation.

The basic proprietary fund financial statements can be found on pages 22-24 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 25 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 26-52 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 pages 54-83 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 61-64 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 \$20,746,708 at the close of the most recent fiscal year.

By far one of the largest portions of the City of Wasco's net assets (67 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	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$8,494,799	\$7,744,243	\$6,058,218	\$5,207,618	\$14,553,017	\$12,951,861
Non-current Capital assets	12,069,925	10,997,878	18,060,412	17,285,206	30,130,337	28,283,084
Total assets	20,564,724	18,742,121	24,118,630	22,492,824	44,683,354	41,234,945
Long-term liabilities outstanding	3,238,139	3,403,139	12,772,341	13,397,040	16,010,480	16,800,179
Other Liabilities	1,855,985	1,909,921	6,070,181	6,053,630	7,926,166	7,963,551
Total Liabilities	5,094,124	5,313,060	18,842,522	19,450,670	23,936,646	24,763,730
Net assets:						
Invested in capita assets, net						
of related debt	9,920,572	9,282,757	3,995,704	2,745,984	13,916,276	12,028,741
Restricted	-	-	3,408,935	2,765,250	3,408,935	2,765,250
Unrestricted	5,550,028	4,146,304	(2,128,531)	(2,469,080)	3,421,497	1,677,224
Total net assets	\$15,470,600	\$13,429,061	\$5,276,108	\$3,042,154	\$20,746,708	\$16,471,215

An additional portion of the City of Wasco's net assets, \$3,408,935 or 16 percent of net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net \$3,421,497 may be used to meet the government's ongoing obligations to citizens and creditors (see Note 9 & 14).

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. There is however, a negative balance under Business-Type Activities in the unrestricted category of net assets of (\$2,128,531) or 10 percent of total net assets, which was previously stated to be caused by the defaulted capital lease bonds of the Wasco Valley Rose Golf Course. A foreclosure sale of the Wasco Valley Rose Golf Course occurred on August 8, 2006 and a Full Satisfaction of Judgment is expected to be satisfied prior to December 31, 2006 (see Note 16). Once received, this fund will be closed and the fund deficit will be eliminated materially improving the City's financial condition.

The government's net assets increased by \$4,275,493 or 26 percent during the current fiscal year. About one a fourth of the increase represents the degree to which increases in ongoing revenue have outstripped similar increases ongoing expenses. Approximately two fourth is attributable to a one-time infusion of resources from completed tract where asset were dedicated to the City. The remainder of this growth reflects rate increases, increase in operating grants, and investment earnings.

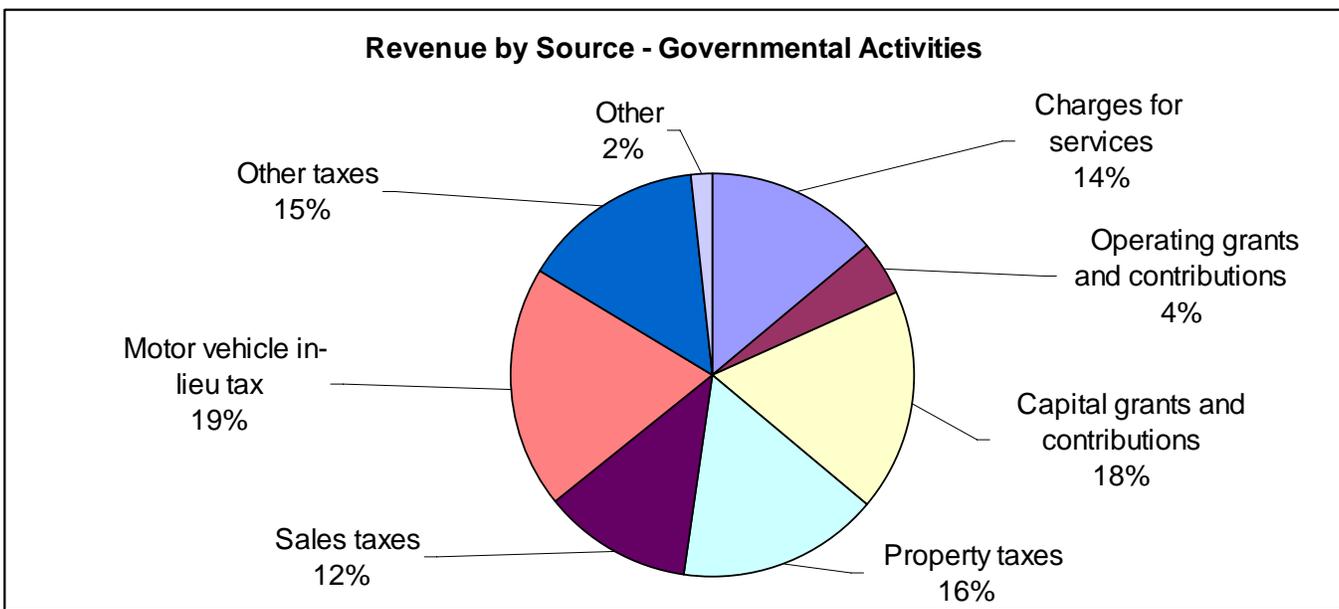
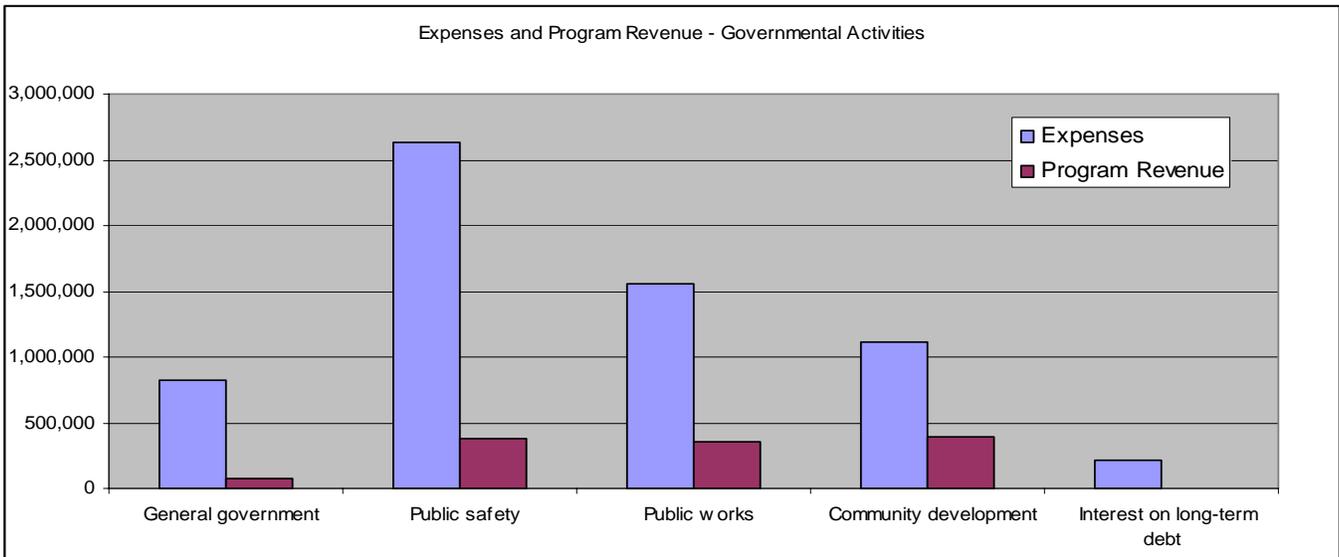
Governmental activities. Governmental activities increased the City of Wasco's net assets by \$2,041,539 or 47 percent of the total growth in the net assets of the City of Wasco. Key elements of this increase are as follows;

City of Wasco's Changes in Net Assets

	Governmental Activities		Business - Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenue:						
Program revenue:						
Charges for services	\$ 1,200,263	\$ 1,007,778	\$ 5,988,109	\$ 5,446,383	\$ 7,188,372	\$ 6,454,161
Operating Grants and contributions	377,824	519,744	24,631	23,480	402,455	543,224
Capital grants and contributions	1,545,108	2,431,596	175,340	-	1,720,448	2,431,596
General revenues:						
Property taxes	1,402,667	1,010,786			1,402,667	1,010,786
Sales taxes	1,026,058	878,882			1,026,058	878,882
Motor vehicle in-lieu tax	1,701,399	1,356,345			1,701,399	1,356,345
Other taxes	1,280,215	917,163			1,280,215	917,163
Grants and contributions not restricted to specific programs	39,613	48,875			39,613	48,875
Gain on Sale of Inventory	10,121	33,900			10,121	33,900
Other	84,196	87,498			84,196	87,498
Total revenues	8,667,464	8,292,567	6,188,080	5,469,863	14,855,544	13,762,430
Expenses:						
General government	828,505	1,113,205			828,505	1,113,205
Public safety	2,633,693	2,715,804			2,633,693	2,715,804

Public works	1,552,356	1,056,748			1,552,356	1,056,748
Community development	1,115,011	764,896			1,115,011	764,896
Interest on long-term debt	215,937	10,260			215,937	10,260
Water reclamation and sewer			1,308,610	1,365,625	1,308,610	1,365,625
Water utility			1,143,306	1,046,063	1,143,306	1,046,063
Refuse collection and disposal			1,379,554	1,211,532	1,379,554	1,211,532
Golf course			197,672	192,660	197,672	192,660
Public Transportation			205,342	205,823	205,342	205,823
CNG Fueling Station			65	-	65	-
Total expenses	6,345,502	5,660,913	4,234,549	4,021,703	10,580,051	9,682,616
Increase in net assets before						
Transfers In	1,616,917	2,631,654	996,836	1,448,160	2,613,753	4,079,814
Transfers Out	(1,897,340)	662,998	(716,413)	(662,998)	(2,613,753)	-
Change in Accounting Estimate	-	410,199	-	-	-	410,199
Increase in net assets	2,041,539	3,704,851	2,233,954	785,162	4,275,493	4,490,013
Net assets, July 1, 2005	13,429,061	9,724,210	3,042,154	2,256,992	16,471,215	11,981,202
Net assets, June 30, 2006	\$15,470,600	\$ 13,429,061	\$5,276,108	\$ 3,042,154	\$20,746,708	\$16,471,215

- Property taxes increased by \$391,881 or 39 percent during the year. Most of is increase is the product of two years unprecedented residential growth averaging 3 percent.
- Motor Vehicle in-lieu tax increased by \$345,054 or 25 percent during the year. The increase is attributable to increased new cars being purchased by Citizens of Wasco as well as increased population.
- Operating Contributions and Grants increased \$141,920 or 27 percent due to several police service grants received since the pervious year.
- Capital Contributions and Grants decreased by (\$886,488). The decrease was attributed to fewer housing grants being awarded in this year compared to last year.
- State allocation of the Gas Tax, included in Other Tax Revenue, increased by \$342,357 or 51 percent during the year.

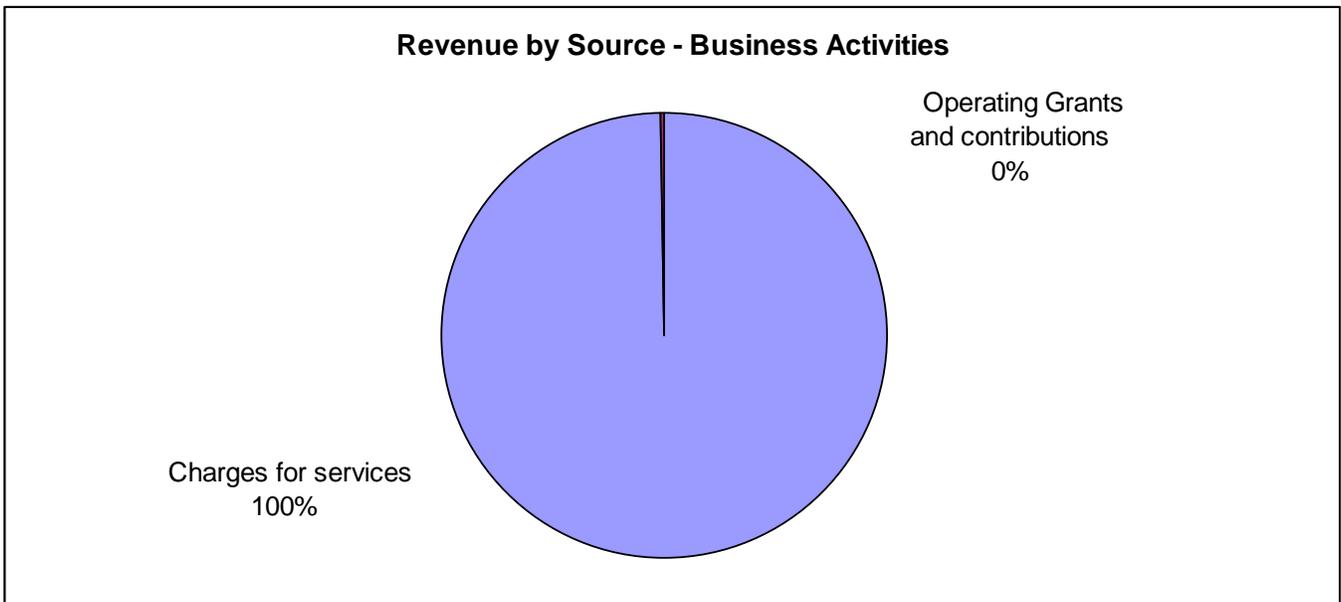
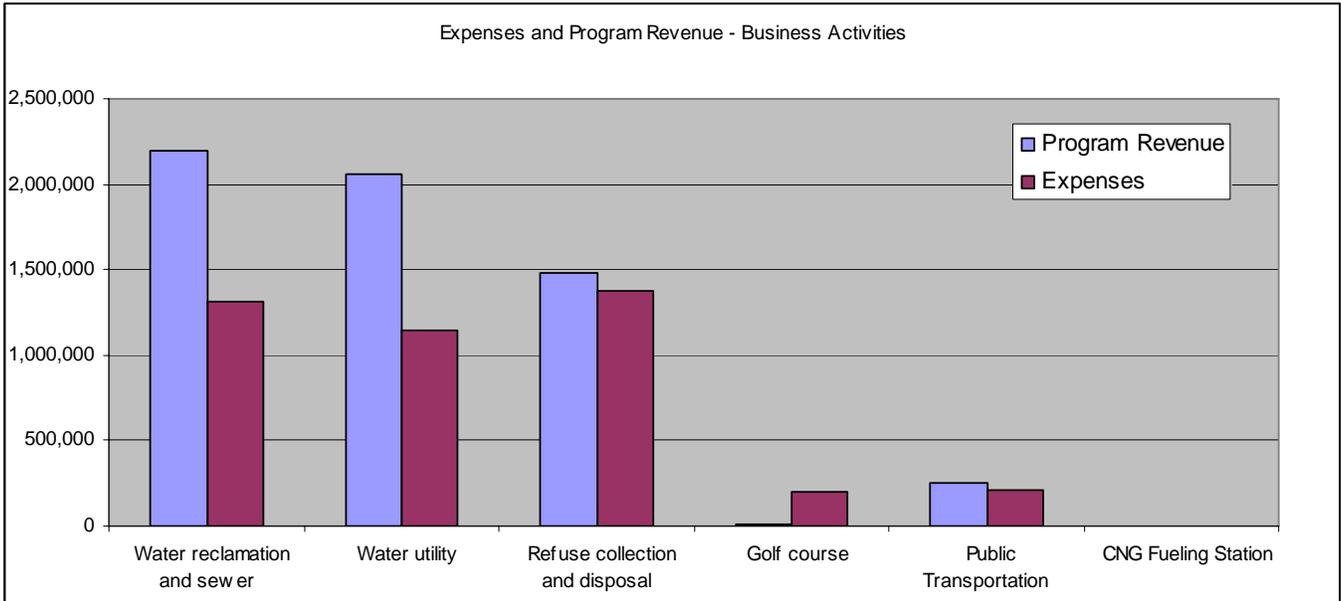


For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-type activities. Business-type activities increased the City of Wasco’s net assets by \$2,233,954 or 13 percent growth of total government’s assets. Key elements of this increase are as follows:

- The City of Wasco experienced 3 percent slightly higher than moderate housing growth. This growth contributed to the increase in net assets by an increase in revenue in the Water, Wastewater and Disposal.

- The slightly higher residential growth rate and commercial growth resulted in an additional \$300,371 over budgeted revenue for Wastewater Hookup Fees.
- A 25 percent fee increase was initiated in fiscal year 2005-2006 for the Water operations resulting in an increase of \$514,010.
- The Wasco Valley Rose Golf Course experienced a \$191,265 loss which reduced the increase in net assets by 1 percent.



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 \$9,056,317 an increase of \$1,250,846 in comparison with the prior year. Approximately 40 percent of this total amount (\$3,701,027) constitutes unreserved, undesignated fund balance. 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 in the amount \$1,678,927, 2) To land held for resale within the Wasco Redevelopment Agency in the amount of \$2,156,185, 3) To liquidate contracts, debt and purchase orders from prior year in the amount of \$837,819, and 4) To capital improvements in the amount of \$682,362.

The general fund is the chief operating fund of the City of Wasco. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$1,004,116 while total fund balance reached \$1,577,650. 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 23 percent of total general fund expenditures, while total fund balance represents 36 percent of the same amount.

The fund balance of the City of Wasco's general fund increased by \$311,178 during the current fiscal year. The key factor in was larger than expected growth in tax revenues.

The City of Wasco doesn't have a debt service fund. Lease obligations in the general fund consists of three operating leases for copiers totaling future lease payments of \$40,514. Of that balance one lease has a balance of \$6,210 with one year remaining on the term, the second lease has a balance of \$17,152 with three years remaining on the term, and the third lease has a balance of \$17,152 with a remaining term of three years.

The total debt under governmental funds is \$3,419,316 (See Note 9). The components of this amount are as follows;

- Compensated Absences in the amount of \$43,721.
- Wasco Public Financing Authority Revenue Bonds of \$482,800. Bonds issued for south side infrastructure.
- Wasco Public Financing Authority Tax Allocation Bond debt of \$2,550,795. Bonds used to construct the industrial park.
- Other Long - A 3 percent promissory note with CALHFA for \$342,000.

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 \$24,110, Water Utility amounted to \$1,363,397, Refuse Collection amounted to \$226,990, Golf Course amounted to a negative (\$3,974,161) due to defaulted capital lease bonds (See Notes 9, 14 through 16), and Non-Major Proprietary Funds amounted to \$231,133. The total growth in net assets for all Proprietary Funds was \$605,916, \$738,453, \$8,951, (\$191,265) and \$1,071,899 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 favorable budget variance of \$901,279 when comparing actual amounts to the final budget for the current fiscal year. This positive budget variance reflects revenue realization greater than estimates of \$367,195, expense realization lower than budget by \$750,504 and net transfers in lower than budget by (\$216,420). Lower than budgeted expenses was a result of Equipment Replacement and Grant Matching that was budgeted for 2005-2006 but did not occur. The equipment replacement is anticipated to occur in the 2006-2007 year. The Grant matching is expected to occur in future periods as applicable grants are awarded and received.

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, 2006, amounts to \$27,476,049 (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 6 percent (a 7 percent increase for governmental activities and a 5 percent decrease for business-type activities).

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

- A variety of public works facility improvements and a several new vehicles amounting in \$993,212.
- Retirement of various vehicles and equipment in the amount of \$24,160.

City of Wasco's Capital Assets

	Governmental Activities		Business -Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 384,839	\$ 384,839	\$981,090	\$981,090	\$ 1,365,929	\$1,365,929
Construction in Progress	893,734	-	-	-	893,734	-
Land Improvements	818,726	791,714	9,890,053	9,881,304	10,708,779	10,673,018
Building and Improve.	2,330,231	2,612,420	13,147,139	12,026,329	15,477,370	14,638,749
Infrastructure	9,577,615	9,573,790	3,969,300	3,910,172	13,546,915	13,483,962
Machinery and Other	1,036,480	806,509	3,274,530	3,151,363	4,311,010	3,957,872
Vehicles	656,400	579,507	1,563,700	1,212,024	2,220,100	1,791,531
Accumulated Depr.	(5,777,453)	(5,466,022)	(15,270,335)	(14,394,748)	(21,047,788)	(19,860,770)
Total Net Capital Assets	\$ 9,920,572	\$ 9,282,757	\$17,555,477	\$16,767,534	\$ 27,476,049	\$26,050,291

Additional information on the City of Wasco's capital assets can be found in note 7 on pages 42-43 of this report.

Long-term debt. At the end of the current fiscal year, the City of Wasco had total bonded debt outstanding of \$12,703,595. Of this amount, \$2,550,795 were tax allocation bonds and \$10,152,800 were revenue bonds which comprised of \$810,000 of wastewater revenue refunding bonds, \$482,800 Southside infrastructure bonds, and \$8,860,000 of lease revenue bonds for the city's golf course. Other long – term debt consists of promissory note payable to the California Housing Finance Housing Authority of \$342,000, Under Notes Payable category there is a note payable to the State of California for the expansion of the wastewater treatment plant of \$3,381,263, a note payable to the State of California for storm drainage infrastructure of \$444,064, a \$31,093 note payable to TYMCO International for a street sweeper and a \$33,353 with United States Department of Agriculture for emergency water power equipment. Under the compensated absences there is a total of \$84,006 (see note 9).

City of Wasco's Outstanding Debt

	Governmental Activities		Business –Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Tax Allocation Bonds	\$2,550,795	\$2,685,795			\$2,550,795	\$2,685,795

Revenue Bonds	482,800	507,800	9,670,000	9,855,000	10,152,800	10,362,800
Notes Payable			3,889,773	4,166,550	3,889,773	4,166,550
Other Long-Term Debt	342,000	342,000			342,000	342,000
Capital Lease						
Compensated Absences	43,721	43,721	40,285	40,285	84,006	84,006
Total Debt	3,419,316	3,579,316	13,600,058	14,061,835	17,019,374	17,641,151

The City of Wasco did not issue new debt or refinance existing debt in fiscal year 2006.

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". The Wasco Valley Rose Golf Course has a capital lease bond which is in default and is not rated (see Notes 9, 14 through 16 for more information). 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 page 44 of this report.

Economic Factors and Next Year's Budgets General Fund Budget

- The unemployment rate for the City of Wasco is currently 15.7 percent this percentage has decrease by 0.8 percent from the pervious fiscal year. This percentage is well above Kern Counties unemployment rate of 8.3 and the State of California's unemployment rate of 5.4 percent.
- The city's residential construction growth rate was under estimated at 2.5 percent. Actual residential construction growth rate was 4 percent. This favorably increase in the residential construction growth rate produced a higher than expected revenues in departments affected by residential construction such as the Building Inspection, Wastewater and Water. Additionally higher than expected residential also impacted property tax income.
- The city experienced a population growth rate of 2.9 percent in 2005.
- The Kern County region was far behind in building valuation with the State. The region is now experiencing equalization is property values with the rest of the State.

All these factors were considered in preparing the City of Wasco's budget for fiscal year 2006.

During the current fiscal year, unreserved, undesignated fund balance of the general fund increased

Government Activities Revenues. The City of Wasco developed its FY2006 budget projecting an increase of \$822,710 or 14 percent in general fund revenues of \$5,592,020. These amounts reflect revenues derived from higher than usual growth and reduced state allocations used to pay the state budget deficit and growth projections increasing charges for services.

Government Activities Expenditures. The City of Wasco's general fund operating budget for FY 2006 reflects an increase in expenditures of \$811,649 or 15 percent. This increase in expenditures was primarily due to 4 new jobs within Government Activities approved by City Council, an increase in policing cost estimated at \$293,000. Additionally the City Council approved the spending of the building and equipment reserve for various network up grades and facility expansion.

Business – Type Activities. The only Proprietary Fund that had a rate increase was the Wastewater Fund of 3 percent. These rates were necessary to pay the State Revolving Loan Payments.

The Sanitation Disposal Fund will be subject to a study in 2006 by the City Engineer to determine if a rate increase is needed to cover rising costs.

Request for Information

This financial report is designed to provide a general overview of the City of Wasco's finances for all those 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 Director of Finance, P.O. Box 836, Wasco, CA 93208.

City of



INCORPORATED 1945

City of Wasco
STATEMENT OF NET ASSETS
June 30, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Current Assets:			
Cash and Investments	\$ 5,755,222	\$ 4,958,259	\$ 10,713,481
Investments With Fiscal Agents - Restricted	163,889	728,325	892,214
Receivables, net	392,899	346,634	739,533
Prepaid Expenses	51,604	-	51,604
Internal Balances	(25,000)	25,000	-
Land Held For Resale	2,156,185	-	2,156,185
	<hr/>	<hr/>	<hr/>
Total Current Assets	8,494,799	6,058,218	14,553,017
Noncurrent Assets:			
Capital Assets:			
Land	384,839	981,090	1,365,929
Construction in Progress	893,734	-	893,734
Depreciable Buildings, Property, Equipment and Infrastructure, net of accumulated depreciation	8,641,999	16,574,387	25,216,386
Notes Receivable	1,716,663	-	1,716,663
Deferred Charges	432,690	504,935	937,625
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets	12,069,925	18,060,412	30,130,337
Total Assets	<hr/> <u>20,564,724</u>	<hr/> <u>24,118,630</u>	<hr/> <u>44,683,354</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	885,640	80,233	965,873
Accrued Liabilities	572,208	4,968,366	5,540,574
Customer Deposits	-	34,144	34,144
Intergovernmental Payables	20,336	-	20,336
Unearned Revenue	196,624	159,721	356,345
Noncurrent Liabilities:			
Due Within One Year:			
Long-Term Debt	181,177	827,717	1,008,894
Due in More Than One Year			
Long-Term Debt	3,238,139	12,772,341	16,010,480
	<hr/>	<hr/>	<hr/>
Total Liabilities	5,094,124	18,842,522	23,936,646
Net Assets:			
Invested in Capital Assets, net of related debt	9,920,572	3,995,704	13,916,276
Restricted For:			
Capital Projects	-	2,806,289	2,806,289
Debt Service	-	602,646	602,646
Unrestricted (Deficit)	5,550,028	(2,128,531)	3,421,497
	<hr/>	<hr/>	<hr/>
Net Assets	<u>\$ 15,470,600</u>	<u>\$ 5,276,108</u>	<u>\$ 20,746,708</u>

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

City of Wasco
STATEMENT OF ACTIVITIES
Year ended June 30, 2006

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	\$ 828,505	\$ 79,049	\$ -	\$ -	\$ (749,456)	\$ -	\$ (749,456)
Public Safety	2,633,693	375,852	271,399	1,489	(1,984,953)	-	(1,984,953)
Public Works	1,552,356	351,148	106,425	805,975	(288,808)	-	(288,808)
Community Development	1,115,011	394,214	-	737,644	16,847	-	16,847
Interest on Long-Term Debt	215,937	-	-	-	(215,937)	-	(215,937)
Total Governmental Activities	6,345,502	1,200,263	377,824	1,545,108	(3,222,307)	-	(3,222,307)
Business-Type Activities:							
Water Reclamation and Sewer	1,308,610	2,192,149	-	-	-	883,539	883,539
Water Utility	1,143,306	2,056,043	-	-	-	912,737	912,737
Refuse Collection and Disposal	1,379,554	1,478,915	-	-	-	99,361	99,361
Golf Course	197,672	6,407	-	-	-	(191,265)	(191,265)
Public Transportation	205,342	251,125	24,631	175,340	-	245,754	245,754
CNG Fueling Station	65	3,470	-	-	-	3,405	3,405
Total Business-Type Activities	4,234,549	5,988,109	24,631	175,340	-	1,953,531	1,953,531
Total	\$ 10,580,051	\$ 7,188,372	\$ 402,455	\$ 1,720,448	\$ (3,222,307)	\$ 1,953,531	\$ (1,268,776)
General Revenues:							
Taxes:							
Property Tax					1,402,667	-	1,402,667
Sales Tax					1,026,058	-	1,026,058
Franchise Tax					251,062	-	251,062
State Allocation of Gas Tax					1,011,718	-	1,011,718
Transient Occupancy Tax					17,435	-	17,435
Intergovernmental, Unrestricted:							
Motor Vehicle In-lieu Tax					1,701,399	-	1,701,399
Total Taxes					5,410,339	-	5,410,339
Unrestricted investment earnings					39,613	-	39,613
Gain on Sale of Inventory					10,121	-	10,121
Miscellaneous					84,196	-	84,196
Transfers					(280,423)	280,423	-
Total General Revenues and Transfers					5,263,846	280,423	5,544,269
Change in Net Assets					2,041,539	2,233,954	4,275,493
Net Assets - Beginning					13,429,061	3,042,154	16,471,215
Net Assets - Ending					\$ 15,470,600	\$ 5,276,108	\$ 20,746,708

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

City of Wasco
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2006

	General	Streets	Redevelopment Agency	Non-Major Governmental Funds	Total Government
Assets:					
Cash and Investments	\$ 2,596,358	\$ 325,531	\$ 1,095,276	\$ 1,738,057	\$ 5,755,222
Investments With Fiscal Agents - Restricted	-	-	-	163,889	163,889
Receivables, net	181,178	129,078	31,025	51,618	392,899
Prepaid Expenses	50,804	-	-	800	51,604
Interfund Receivables	16,596	-	-	60,000	76,596
Notes Receivable	-	-	37,739	1,678,924	1,716,663
Land Held for Resale	-	-	2,156,185	-	2,156,185
Deferred Charges	-	-	432,690	-	432,690
	<hr/>				
Total Assets	<u>\$ 2,844,936</u>	<u>\$ 454,609</u>	<u>\$ 3,752,915</u>	<u>\$ 3,693,288</u>	<u>\$ 10,745,748</u>
Liabilities:					
Accounts Payable	\$ 782,051	\$ 59,237	\$ 28,564	\$ 15,788	\$ 885,640
Accrued Liabilities	485,235	-	-	-	485,235
Interfund Payable	-	-	60,000	61,932	121,932
Deferred Revenue	-	-	-	196,624	196,624
Advances Payable	-	-	-	-	-
	<hr/>				
Total Liabilities	1,267,286	59,237	88,564	274,344	1,689,431
Fund Balances:					
Reserved For:					
Restricted Cash	-	-	-	163,889	163,889
Notes Receivable	-	-	-	1,678,924	1,678,924
Land Held for Resale	-	-	2,156,185	-	2,156,185
Deferred Charges	-	-	432,690	-	432,690
Debt Service	-	-	165,000	-	165,000
Low or Moderate Income Housing Projects	-	-	76,240	-	76,240
Unreserved:					
Designated for Capital Improvements	573,534	108,828	-	-	682,362
Undesignated, Reported In:					
General Fund	1,004,116	-	-	-	1,004,116
Special Revenue Funds	-	286,544	-	1,576,131	1,862,675
Capital Projects Funds	-	-	834,236	-	834,236
	<hr/>				
Total Fund Balances (Deficit)	<u>1,577,650</u>	<u>395,372</u>	<u>3,664,351</u>	<u>3,418,944</u>	<u>9,056,317</u>
	<hr/>				
Total Liabilities & Fund Balances	<u>\$ 2,844,936</u>	<u>\$ 454,609</u>	<u>\$ 3,752,915</u>	<u>\$ 3,693,288</u>	<u>\$ 10,745,748</u>

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, 2006

Fund balances of governmental funds \$ 9,056,317

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	\$ 9,282,757	
Current Year Additions	949,246	
Current Year Depreciation	<u>(311,431)</u>	
Ending Balance, net of depreciation		9,920,572

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. (86,973)

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	(43,721)	
Long-Term Debt	<u>(3,375,595)</u>	
Total Long-Term Liabilities		<u>(3,419,316)</u>

Net assets of governmental activities \$ 15,470,600

City of Wasco
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS) – GOVERNMENTAL FUNDS
Year ended June 30, 2006

	General	Streets	Redevelopment Agency	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 3,676,043	\$ 511,108	\$ 700,908	\$ 45,514	\$ 4,933,573
Licenses & Permits	371,835	-	-	-	371,835
Fines, Forfeitures & Assessments	19,166	-	-	31,819	50,985
Use of Money or Property	49,734	9,333	29,667	170,066	258,800
Intergovernmental	23,951	805,975	-	1,663,549	2,493,475
Charges for Services	258,666	96,345	-	273,717	628,728
Total Revenues	4,399,395	1,422,761	730,575	2,184,665	8,737,396
Expenditures:					
Current:					
General Government	757,396	-	-	-	757,396
Public Safety	2,227,047	-	-	23,785	2,250,832
Public Works	-	1,096,729	-	23,698	1,120,427
Community Development	839,914	-	258,931	369,837	1,468,682
Non Departmental	277,202	-	-	-	277,202
Capital Outlay:					
General Capital Outlay	276,558	112,048	-	185,188	573,794
Street Improvements	-	378,715	-	-	378,715
Debt Service:					
Principal Retirement	-	-	160,000	-	160,000
Interest and Finance Charges	-	-	219,079	-	219,079
Total Expenditures	4,378,117	1,587,492	638,010	602,508	7,206,127
Excess of Revenues Over (Under) Expenditures	21,278	(164,731)	92,565	1,582,157	1,531,269
Other Financing Sources (Uses):					
Transfers In	300,930	1,104,097	135,000	76,890	1,616,917
Transfers Out	(11,030)	(1,024,896)	(30,000)	(831,414)	(1,897,340)
Total Other Financing Sources (Uses)	289,900	79,201	105,000	(754,524)	(280,423)
Net Change in Fund Balances	311,178	(85,530)	197,565	827,633	1,250,846
Fund Balances - Beginning	1,266,472	480,902	3,466,786	2,591,311	7,805,471
Fund Balances - Ending	\$ 1,577,650	\$ 395,372	\$ 3,664,351	\$ 3,418,944	\$ 9,056,317

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, 2006

Net change in fund balance - total governmental funds	\$	1,250,846
<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 (\$949,246) exceeded depreciation (\$311,431) in the current period.</p>		637,815
<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>		160,000
<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>		(7,122)
<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>		-
		-
Change in net assets of governmental activities	\$	2,041,539

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

City of Wasco
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2006

	Water Reclamation and Sewer	Water Utility	Refuse Collection and Disposal	Golf Course	Non-Major Proprietary Funds	Total Proprietary
Assets:						
Current Assets:						
Cash and Investments	\$ 2,756,631	\$ 1,748,764	\$ 194,679	\$ -	\$ 258,185	\$ 4,958,259
Investments With Fiscal Agents - Restricted	264,403	-	-	463,922	-	728,325
Receivables	69,749	46,180	67,243	27,533	135,929	346,634
Prepaid Expenses	-	-	-	-	-	-
Interfund Receivables	9,524	15,476	-	-	-	25,000
Total Current Assets	3,100,307	1,810,420	261,922	491,455	394,114	6,058,218
Noncurrent Assets:						
Capital Assets (net of accumulated depreciation)	10,161,723	1,394,667	1,012,816	3,889,123	1,097,148	17,555,477
Deferred Charges	50,949	-	-	453,986	-	504,935
Total Noncurrent Assets	10,212,672	1,394,667	1,012,816	4,343,109	1,097,148	18,060,412
Total Assets	\$ 13,312,979	\$ 3,205,087	\$ 1,274,738	\$ 4,834,564	\$ 1,491,262	\$ 24,118,630
Liabilities:						
Current Liabilities:						
Accounts Payable	\$ 6,792	\$ 54,109	\$ 17,357	\$ -	\$ 1,975	\$ 80,233
Accrued Liabilities	-	-	-	-	-	-
Customer Deposits	34	34,110	-	-	-	34,144
Accrued Interest Payable	47,571	423	770	4,919,602	-	4,968,366
Current Portion of Long-Term Debt	424,963	16,756	31,093	340,000	-	812,812
Total Current Liabilities	479,360	105,398	49,220	5,259,602	1,975	5,895,555
Noncurrent Liabilities:						
Compensated Absences Payable	12,596	9,599	16,805	-	1,285	40,285
Bonds Payable	620,000	-	-	8,520,000	-	9,140,000
Notes Payable	3,590,364	16,597	-	-	-	3,606,961
Capital Leases Payable	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	159,721	159,721
Total Noncurrent Liabilities	4,222,960	26,196	16,805	8,520,000	161,006	12,946,967
Total Liabilities	4,702,320	131,594	66,025	13,779,602	162,981	18,842,522
Net Assets:						
Invested in Capital Assets, net of related debt	5,526,396	1,361,314	981,723	(4,970,877)	1,097,148	3,995,704
Restricted For:						
Capital Projects	2,457,507	348,782	-	-	-	2,806,289
Debt Service	602,646	-	-	-	-	602,646
Unrestricted	24,110	1,363,397	226,990	(3,974,161)	231,133	(2,128,531)
Net Assets	\$ 8,610,659	\$ 3,073,493	\$ 1,208,713	\$ (8,945,038)	\$ 1,328,281	\$ 5,276,108

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, 2006

	Water Reclamation and Sewer	Water Utility	Refuse Collection and Disposal	Golf Course	Non-Major Proprietary Funds	Total Proprietary
Operating Revenues:						
Charges for Services	\$ 1,407,885	\$ 1,764,016	\$ 1,427,168	\$ -	\$ 23,388	\$ 4,622,457
Rental Income	64,089	-	-	-	-	64,089
Cost Recoveries	-	-	29,476	-	-	29,476
Total Operating Revenues	1,471,974	1,764,016	1,456,644	-	23,388	4,716,022
Operating Expenses:						
Wages and Benefits	446,226	439,073	669,652	-	128,230	1,683,181
Administration	82,437	98,826	285,352	17,419	12,379	496,413
Materials and Supplies	38,585	69,100	91,317	-	12,118	211,120
Maintenance and Repair	79,761	70,355	191,158	-	35,635	376,909
Utilities	83,248	347,999	4,315	-	2,475	438,037
Depreciation	435,985	115,758	136,485	180,253	14,570	883,051
Total Operating Expenses	1,166,242	1,141,111	1,378,279	197,672	205,407	4,088,711
Operating Income (Loss)	305,732	622,905	78,365	(197,672)	(182,019)	627,311
Nonoperating Revenues (Expenses):						
Interest Income	99,708	49,444	12,899	6,407	13,170	181,628
Intergovernmental	8,540	-	9,372	-	418,008	435,920
Connection Fees	611,927	242,583	-	-	-	854,510
Interest Expense	(142,368)	(2,195)	(1,275)	-	-	(145,838)
Total Nonoperating Revenues (Expenses)	577,807	289,832	20,996	6,407	431,178	1,326,220
Income (Loss) Before Transfers	883,539	912,737	99,361	(191,265)	249,159	1,953,531
Transfers In	-	128,849	-	-	867,987	996,836
Transfers Out	(277,623)	(303,133)	(90,410)	-	(45,247)	(716,413)
Change in Net Assets	605,916	738,453	8,951	(191,265)	1,071,899	2,233,954
Net Assets - Beginning	8,004,743	2,335,040	1,199,762	(8,753,773)	256,382	3,042,154
Net Assets - Ending	\$ 8,610,659	\$ 3,073,493	\$ 1,208,713	\$ (8,945,038)	\$ 1,328,281	\$ 5,276,108

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

City of Wasco
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2006

	Water Reclamation and Sewer	Water Utility	Refuse Collection and Disposal	Golf Course	Non-Major Proprietary Funds	Total Proprietary
Cash flows from operating activities:						
Cash received from:						
Customers, including cash deposits	\$ 1,397,931	\$ 1,737,476	\$ 1,431,493	\$ -	\$ 20,856	\$ 4,587,756
Rental activities	64,089	-	-	41,744	-	105,833
Prior year reimbursements and cost recoveries	-	-	29,476	-	-	29,476
Cash paid to:						
Suppliers	(367,794)	(586,469)	(557,077)	(2,265)	(60,100)	(1,573,705)
Employees	(446,226)	(439,073)	(669,652)	-	(128,230)	(1,683,181)
Net cash provided (used) by operating activities	<u>648,000</u>	<u>711,934</u>	<u>234,240</u>	<u>39,479</u>	<u>(167,474)</u>	<u>1,466,179</u>
Net cash provided from noncapital financing activities:						
Cash transferred from other funds	-	128,849	-	-	867,987	996,836
Cash transferred to other funds	(287,147)	(318,609)	(90,410)	-	(45,247)	(741,413)
Connection fees	611,927	242,583	-	-	-	854,510
Intergovernmental revenue	8,540	-	-	-	224,406	232,946
Net cash provided (used) by noncapital financing activities	<u>333,320</u>	<u>52,823</u>	<u>(90,410)</u>	<u>-</u>	<u>1,047,146</u>	<u>1,342,879</u>
Cash flows from capital and related financing activities:						
Principal payments:						
Bonds	(185,000)	-	-	-	-	(185,000)
Notes	(228,948)	(15,777)	(32,052)	-	-	(276,777)
Interest paid	(148,215)	(2,605)	(2,019)	-	-	(152,839)
Capital grant funds received	-	-	-	-	24,631	24,631
Purchase of capital assets	(200,261)	(158,092)	(233,584)	(31,370)	(1,049,181)	(1,672,488)
Proceeds from sale of capital assets	-	-	-	4,272	-	4,272
Net cash provided (used) by capital and related financing activities	<u>(762,424)</u>	<u>(176,474)</u>	<u>(267,655)</u>	<u>(27,098)</u>	<u>(1,024,550)</u>	<u>(2,258,201)</u>
Cash flows from investing activities:						
Interest received	99,708	49,444	12,899	3,629	13,170	178,850
Cash (deposited) / withdrawn - long-term restricted accounts	(24,463)	-	-	(16,010)	-	(40,473)
Net cash provided by investing activities	<u>75,245</u>	<u>49,444</u>	<u>12,899</u>	<u>(12,381)</u>	<u>13,170</u>	<u>138,377</u>
Net increase (decrease) in cash	294,141	637,727	(110,926)	-	(131,708)	689,234
Cash and cash equivalents - Beginning of year	2,462,490	1,111,037	305,605	-	389,893	4,269,025
Cash and cash equivalents - End of year	<u>\$ 2,756,631</u>	<u>\$ 1,748,764</u>	<u>\$ 194,679</u>	<u>\$ -</u>	<u>\$ 258,185</u>	<u>\$ 4,958,259</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ 305,732	\$ 622,905	\$ 78,365	\$ (197,672)	\$ (182,019)	\$ 627,311
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	435,985	115,758	136,485	180,253	14,570	883,051
(Increase) decrease in accounts receivable	(9,901)	(26,540)	4,325	56,898	(2,532)	22,250
(Increase) decrease in deferred charges	12,737	-	-	-	-	12,737
(Increase) decrease in prepaid expenses	5,372	5,022	9,756	-	1,945	22,095
Increase (decrease) in accounts payable	(101,872)	(16,637)	5,309	-	562	(112,638)
Increase (decrease) in customer deposits	(53)	11,426	-	-	-	11,373
Net cash provided (used) by operating activities	<u>\$ 648,000</u>	<u>\$ 711,934</u>	<u>\$ 234,240</u>	<u>\$ 39,479</u>	<u>\$ (167,474)</u>	<u>\$ 1,466,179</u>

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

City of Wasco
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2006

	<u>Wasco Public Financing Authority Agency Fund</u>
Assets:	
Cash and Investments	\$ 2,998,177
Investments with Fiscal Agents - Restricted	493,283
Receivables	25,324
Interfund Receivables	<u>20,336</u>
Total Assets	<u><u>\$ 3,537,120</u></u>
Liabilities:	
Due to Bondholders	<u>3,537,120</u>
Total Liabilities	<u><u>\$ 3,537,120</u></u>

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

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2006

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 and account groups 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. Separate financial statements are not available for the Agency.

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 the 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, 2006

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, 2006

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 Redevelopment Agency is used to account for the fiscal activities of the City of Wasco Redevelopment Agency.

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 Golf Course Fund is used to account for the net operations of an eighteen hole golf course within the City. This fund also accounts for the leasing arrangements of the golf course from the Wasco Public Financing Authority.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2006

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

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, 2006

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.

In accordance with GASB Statement No. 20, for Proprietary Fund accounting, the City applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB Pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures.

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, 2006

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, 2006

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 and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation 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, 2006

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.

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

Reserved fund balances at June 30, 2006 are as follows:

	Redevelopment Agency	Non-Major Governmental Funds	Total
Restricted Cash	\$ -	\$ 163,889	\$ 163,889
Notes Receivable	-	1,678,924	1,678,924
Land Held for Resale	2,156,185	-	2,156,185
Deferred Charges	432,690	-	432,690
Debt Service	165,000	-	165,000
Low or Moderate Income Housing	20,967	-	20,967
Total Reserved Fund Balances	\$ 2,774,842	\$ 1,842,813	\$ 4,617,655

Restricted Cash – The reserve for restricted cash in the Public Financing Authority related to cash held by fiscal agents for debt reserve requirements.

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”.

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”.

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”.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2006

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

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

Low or Moderate Income Housing – Low or moderate income housing represents a required 20% set-aside of net assets of the Redevelopment Agency.

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.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2006

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

Deferred Compensation Plan

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

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, 2006:

Pooled Cash and Investments - Government Funds	\$	5,755,222
Restricted Investments - Government Funds		163,889
Pooled Cash and Investments - Business-Type Funds		4,958,259
Restricted Investments - Business-Type Funds		728,325
Cash and Investments - Fiduciary Fund		2,998,177
Restricted Investments - Fiduciary Fund		493,283
		493,283
Total	\$	15,097,155
Cash on Hand	\$	1,350
Demand Deposits		1,708,393
Investments		13,387,412
		13,387,412
Total	\$	15,097,155

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 \$100,000 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.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2006

Note 2 – Cash and Investments, (continued)

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, 2006, 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.

Investments:

The City had the following investments at June 30, 2006:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (years)</u>
State Treasurer's Investment Pool (LAIF)	\$ 10,462,189	0.38
Money Market Funds	1,043,759	0.00
Federal Home Loan Mortgage Corp	196,188	0.80
Corporate Bonds	299,779	0.05
Held by Trustees:		
Money Market Funds	<u>1,385,497</u>	0.00
 Total Investments	 <u><u>\$ 13,387,412</u></u>	
 Portfolio Weighted Average Maturity (years)		 <u><u>0.31</u></u>

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.

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, 2006, the Credit ratings for the money market funds and investment in LAIF was unavailable. The investments in corporate bonds were rated at A and A+ by Standard & Poor’s. 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, 2006

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, 2006, all of the City’s investments were held by the City itself or by a broker-dealer (counterparty) other than the broker-dealer used by the City to purchase the securities in the City’s name. The City has no investment policy for custodial credit risk.

Restricted Investments with Fiscal Agents

Governmental Activities:

Lease Revenue Bond Account - Golf Course (Revenue Bonds) – The Bond Indenture requires that there is to be on deposit in the Reserve Account an amount equal to the lesser of (a) \$708,800 or (b) 100% of maximum annual principal and interest payable on the Bonds and any additional Bonds in the current or any future fiscal year. Such money is to be held in trust as a reserve for the payment when due of principal and interest on the bonds in the event amounts in the Principal Account and Interest Account are insufficient. The Trustee has previously applied \$134,666 of the reserve account to Bond interest and has disbursed a cumulative \$431,816 of the account for administrative fees relating to the lawsuit (see Note 14). \$ 163,889

Business-Type Activities:

Funds on Deposit with Receiver – Net revenues from golf course operations are being held by a receiver as mandated by current litigation (note 14). \$ 463,922

Wastewater Revenue Refunding Bonds (Revenue Bonds) – The trustee is required to reserve an amount equal to the lesser of (a) 10% of the original principal amount of the bonds, (b) maximum annual debt service on the bonds or (c) 125% of the average annual debt service on the bonds. 264,403

Total Business-Type Activities 728,325

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. 493,283

Total Restricted Investments with Fiscal Agents \$ 1,385,497

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2006

Note 3 – Receivables

Receivables at June 30, 2006 consist of the following:

	General Fund	Streets	Redevelopment Agency	Non-Major Governmental Funds	Total Governmental	
Governmental Activities:						
Accounts receivable, net	\$ 76,851	\$ 27	\$ -	\$ 1,025	\$ 77,903	
Interest receivable	15,664	2,663	9,008	10,082	37,417	
Taxes receivable, net	47,673	-	22,017	-	69,690	
Due from Governments	40,990	126,388	-	40,511	207,889	
Total	\$ 181,178	\$ 129,078	\$ 31,025	\$ 51,618	\$ 392,899	
	Water Reclamation And Sewer	Water Utility	Refuse Collection And Disposal	Golf Course	Non-Major Proprietary Funds	Total Business-Type
Business-Type Activities:						
Accounts receivable, net	\$ 19,989	\$ 29,712	\$ 51,431	\$ 27,533	\$ 2,430	\$ 131,095
Interest receivable	18,365	16,468	2,628	-	2,633	40,094
Due from Governments	31,395	-	13,184	-	130,866	175,445
Total	\$ 69,749	\$ 46,180	\$ 67,243	\$ 27,533	\$ 135,929	\$ 346,634

Note 4 – Interfund Receivables, Payables, Advances and Transfers

The composition of interfund balances as of June 30, 2006 is as follows:

Fund	Due From Other Funds	Due To Other Funds
Government Funds:		
General Fund	\$ 41,596	\$ 25,000
Redevelopment Agency	-	60,000
Non-Major Funds	60,000	61,932
Total Governmental Funds	101,596	146,932
Proprietary Funds:		
Water Reclamation and Sewer	9,524	-
Water Utility	15,476	-
Total Proprietary Funds	25,000	-
Fiduciary Funds:		
Public Finance Authority - Agency Fund	20,336	-
Total Fiduciary Funds	20,336	-
 Total Due From/To	 \$ 146,932	 \$ 146,932

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2006

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

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

The \$41,596 owed to the General Fund by Non-Major Governmental Funds represents money advanced for cash shortages.

The \$60,000 owed to the Cal-Home Grant Fund (a Non-Major Governmental Fund) by the Redevelopment Agency represents funds advanced in prior years.

The \$9,524 owed to the Water Reclamation and Sewer Fund and the \$15,476 owed to the Water Utility Fund are both due from the General Fund for the purchase of a generator.

The \$20,336 owed to the Fiduciary Fund by the Public Financing Authority (a Non-Major Governmental Fund) represents funds belonging to the Fiduciary Fund that were received by fiscal agents of the Public Financing Authority and held by them at June 30, 2006.

Interfund transfers at June 30, 2006 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 300,930	\$ 11,030
Streets Fund	1,104,097	1,024,896
Redevelopment Agency	135,000	30,000
Non-Major Funds	76,890	831,414
Proprietary Funds:		
Water Reclamation and Sewer	-	277,623
Water Utility	128,849	303,133
Refuse Collection and Disposal	-	90,410
Non-Major Funds	867,987	45,247
	\$ 2,613,753	\$ 2,613,753
Total Transfers	\$ 2,613,753	\$ 2,613,753

Composition and purpose of interfund transfers is as follows:

General fund transfers in of \$300,930 consist of \$31,150 from Water Reclamation and Sewer, \$41,290 from Water Utility and \$31,200 from Refuse Collection and Disposal which represents a portion of the in-lieu of tax and franchise fee; \$113,110 from Non-Major Funds which represent transfers of police type grant funds to the Sheriff department of the General Fund; \$28,060 from each the Streets Fund, Water Utility and Refuse Collection and Disposal Funds for reimbursement of certain code enforcement expenditures.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2006

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

Streets fund transfers in of \$1,104,097 consist of \$607,035 from State Gas Tax used to reimburse salaries and street construction projects; \$171,473 from Water Reclamation and Sewer, \$158,783 from Water Utility, \$31,150 from Refuse Collection and Disposal, \$45,247 from Public Transportation which represents a portion of the in-lieu of tax and franchise fee; \$30,476 for lighting and landscaping for reimbursement of labor and maintenance; and \$59,933 from Traffic Impact Fund to be applied to various street light and crosswalk construction projects.

Redevelopment Agency transfers in of \$135,000 consist of \$75,000 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 Governmental funds transfers in of \$76,890 consist of \$15,000 for establishment of the Emergency Response Fund; \$30,000 from the Redevelopment Agency’s 20% tax allocation set-aside to be used toward low and moderate income housing projects; \$11,030 of miscellaneous cost reimbursements; and \$20,860 of transfers between Non-Major funds which mostly represent transfers between the various community development funds.

Water Utility fund transfers in of \$128,849 consists of a transfer from the Streets fund of accumulated construction costs on various water line improvements.

A Non-Major Proprietary funds transfer in of \$867,987 consists of a transfer from the Streets fund of accumulated construction costs for the CNG Fueling Station. These costs were transferred to establish a new proprietary fund for the CNG Fueling Station.

Note 5 – Land Held for Resale

At June 30, 2006, the Redevelopment Agency had in Inventory a 70-acre industrial park with the following original cost amounts.

	Redevelopment Agency
Land	\$ 634,339
Improvements	1,521,846
Total	\$ 2,156,185

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2006

Note 6 – Deferred Charges

Deferred charges represent the capitalized costs of issuing debt. Deferred charges at June 30, 2006, net of amortization, are as follows:

	Redevelopment Agency		
Governmental Activities:			
Industrial Park Bonds	\$ 408,106		
Southside Project Bonds	24,584		
	<u>\$ 432,690</u>		
	Water Reclamation And Sewer	Golf Course	Total
Business-Type Activities:			
Sewer Revenue Bonds	\$ 50,949	\$ -	\$ 50,949
Capital Lease - Golf Course	-	453,986	453,986
	<u>\$ 50,949</u>	<u>\$ 453,986</u>	<u>\$ 504,935</u>

The deferred charges are being amortized over the term of the debt on the straight line basis. However, since no principal was paid in the year ended June 30, 2006 on the golf course bonds, these deferred charges were not amortized.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2006

Note 7 – Capital Assets

Capital asset activity for the year ended June 30, 2006 is as follows:

<u>Governmental Activities</u>	Balance June 30, 2005	Additions	Deletions	Interfund Transfers	Balance June 30, 2006
Capital Assets Not Being Depreciated:					
Land	\$ 384,839	\$ -	\$ -	\$ -	\$ 384,839
Construction in Progress	-	893,734	-	-	893,734
Total Capital Assets Not Being Depreciated	<u>384,839</u>	<u>893,734</u>	<u>-</u>	<u>-</u>	<u>1,278,573</u>
Capital Assets Being Depreciated:					
Land Improvements	791,714	27,012	-	-	818,726
Construction	2,612,420	182,990	-	(465,179)	2,330,231
Infrastructure	9,573,790	3,825	-	-	9,577,615
Machinery and Other	806,509	229,971	-	-	1,036,480
Vehicles	579,507	76,893	-	-	656,400
Total Capital Assets Being Depreciated	<u>14,363,940</u>	<u>520,691</u>	<u>-</u>	<u>(465,179)</u>	<u>14,419,452</u>
Less Accumulated Depreciation For:					
Land Improvements	(50,595)	(39,089)	-	-	(89,684)
Construction	(249,965)	(29,815)	-	-	(279,780)
Infrastructure	(4,166,890)	(147,957)	-	-	(4,314,847)
Machinery and Other	(550,511)	(65,555)	-	-	(616,066)
Vehicles	(448,061)	(29,015)	-	-	(477,076)
Total Accumulated Depreciation	<u>(5,466,022)</u>	<u>(311,431)</u>	<u>-</u>	<u>-</u>	<u>(5,777,453)</u>
Total Capital Assets Being Depreciated, net	<u>8,897,918</u>	<u>209,260</u>	<u>-</u>	<u>(465,179)</u>	<u>8,641,999</u>
Governmental Activities Capital Assets, net	<u>\$ 9,282,757</u>	<u>\$ 1,102,994</u>	<u>\$ -</u>	<u>\$ (465,179)</u>	<u>\$ 9,920,572</u>

Depreciation charged to governmental functions on the Statement of Activities during the year is as follows: \$53,521 to General Government, \$6,306 to Public Safety, \$250,330 to Public Works, and \$1,274 to Community Development.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2006

Note 7 – Capital Assets, (continued)

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

<u>Business-Type Activities</u>	Balance June 30, 2005	Additions	Deletions	Interfund Transfers	Balance June 30, 2006
Capital Assets Not Being Depreciated:					
Land	\$ 981,090	\$ -	\$ -	\$ -	\$ 981,090
Capital Assets Being Depreciated:					
Land Improvements	9,881,304	8,749	-	-	9,890,053
Construction	12,026,329	655,631	-	465,179	13,147,139
Infrastructure	3,910,172	59,128	-	-	3,969,300
Machinery and Other	3,151,363	132,125	(8,958)	-	3,274,530
Vehicles	1,212,024	351,676	-	-	1,563,700
Total Capital Assets Being Depreciated:	<u>30,181,192</u>	<u>1,207,309</u>	<u>(8,958)</u>	<u>465,179</u>	<u>31,844,722</u>
Less Accumulated Depreciation For:					
Land Improvements	(5,705,273)	(320,300)	-	-	(6,025,573)
Construction	(3,470,931)	(238,897)	-	-	(3,709,828)
Infrastructure	(2,258,327)	(60,720)	-	-	(2,319,047)
Machinery and Other	(2,125,286)	(163,435)	7,464	-	(2,281,257)
Vehicles	(834,931)	(99,699)	-	-	(934,630)
Total Accumulated Depreciation	<u>(14,394,748)</u>	<u>(883,051)</u>	<u>7,464</u>	<u>-</u>	<u>(15,270,335)</u>
Total Capital Assets Being Depreciated, net	<u>15,786,444</u>	<u>324,258</u>	<u>(1,494)</u>	<u>465,179</u>	<u>16,574,387</u>
Business-Type Activities Capital Assets, net	<u>\$ 16,767,534</u>	<u>\$ 324,258</u>	<u>\$ (1,494)</u>	<u>\$ 465,179</u>	<u>\$ 17,555,477</u>

Depreciation charged to business-type activities on the Statement of Activities during the year is as follows: \$435,985 to Water Reclamation and Sewer, \$115,758 to Water Utility, \$136,485 to Refuse Collection and Disposal, \$180,253 to Golf Course, and \$14,570 to Public Transportation.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2006

Note 8 – Accrued Liabilities

Accrued Liabilities at June 30, 2006 are detailed as follows:

Governmental Activities:	General	Redevelopment Agency	Non-Major Governmental Funds	Total Governmental		
	Accrued Expenditures	\$ 483,311	\$ -	\$ -	\$ 483,311	
Accrued Interest Expense	-	59,639	27,334	86,973		
Other Liabilities	1,924	-	-	1,924		
Total	\$ 485,235	\$ 59,639	\$ 27,334	\$ 572,208		

Business-Type Activities:	Water Reclamation And Sewer	Water Utility	Refuse Collection and Disposal	Golf Course	Total Business-Type
	Accrued Interest Payable	\$ 47,571	\$ 423	\$ 770	\$ 4,919,602

Note 9 – Long-Term Liabilities

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006	Due Within One Year
Governmental Activities:					
Tax Allocation Bonds	\$ 2,685,795	\$ -	\$ (135,000)	\$ 2,550,795	\$ 140,000
Revenue Bonds	507,800	-	(25,000)	482,800	25,000
Other Long-Term Debt	342,000	-	-	342,000	-
Compensated Absences	43,721	47,500	(47,500)	43,721	16,177
Total Governmental Activities	3,579,316	47,500	(207,500)	3,419,316	181,177
Business-Type Activities:					
Revenue Bonds	9,855,000	-	(185,000)	9,670,000	530,000
Notes Payable	4,166,550	-	(276,777)	3,889,773	282,812
Compensated Absences	40,285	18,628	(18,628)	40,285	14,905
Total Business-Type Activities	14,061,835	18,628	(480,405)	13,600,058	827,717
Total Long-Term Liabilities	\$ 17,641,151	\$ 66,128	\$ (687,905)	\$ 17,019,374	\$ 1,008,894

The compensated absences for governmental and business-type activities will be paid by the respective funds in which the expense was accrued.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2006

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 industrial park. \$ 2,550,795

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. 482,800

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. 342,000

Compensated Absences 43,721

Total Governmental Activities \$ 3,419,316

Business-Type Activities:

Revenue Bonds:

Wastewater Revenue Refunding Bonds dated May 1, 1999, in the original amount of \$1,960,000, at an interest rate starting at 3.2% and increasing to 4.4% over the life of the bond. Payments are due in eleven annual installments commencing May 1, 2000. These bonds are special obligations of the Wastewater fund and are secured by a pledge of Net Revenues (income and revenues less maintenance and operation costs) of the wastewater system. Proceeds used to refinance bonds originally issued to expand the wastewater system. \$ 810,000

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2006

Note 9 – Long-Term Liabilities, (continued)

Lease Revenue Bonds dated June 1, 1989 issued to provide funds for the acquisition, construction, installation and equipping of a regional municipal golf course. The bonds, with an original issue amount of \$8,860,000, are due June 1, 2019 with mandatory redemption on June 1 of each year commencing June 1, 2010. Interest is payable semi-annually at 8.5%. The bonds are secured by a deed of trust on the property. The bonds are in default (see Note 14).

8,860,000

Total Revenue Bonds

9,670,000

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.

3,381,263

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.

444,064

Note payable to TYMCO International, Ltd., payable in annual installments commencing September 1, 2004, of \$29,948 at 3.55% interest, final payment due September 1, 2006, collateralized by a street sweeper.

31,093

Note payable to the United States Department of Agriculture, payable in annual installments commencing March 16, 1999, of \$18,607 at 5.126% interest, final payment due March 16, 2008, collateralized by water system emergency power equipment.

33,353

Total Notes Payable

3,889,773

Compensated Absences Payable

40,285

Total Business-Type Activities

\$ 13,600,058

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2006

Note 9 – Long-Term Liabilities, (continued)

The annual requirements to amortize all bonded indebtedness and other long-term liabilities outstanding at June 30, 2006, are as follows:

Governmental Activities

Year Ending June 30	Tax Allocation Bonds		Revenue Bonds		Other Long-Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 140,000	\$ 134,200	\$ 25,000	\$ 37,800	\$ -	\$ -
2008	150,000	126,225	25,000	35,800	-	-
2009	155,000	117,838	30,000	33,600	-	-
2010	165,000	109,038	30,000	31,200		
2011	185,000	99,413	30,000	28,800		
2012-2016	1,155,000	321,888	180,000	105,200	342,000	101,065
2017-2021	600,795	31,350	162,800	20,600	-	-
Total	\$ 2,550,795	\$ 939,952	\$ 482,800	\$ 293,000	\$ 342,000	\$ 101,065

Business-Type Activities

Year Ending June 30	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2007	\$ 530,000	\$ 770,198	\$ 282,812	\$ 103,000
2008	375,000	749,938	257,732	94,984
2009	405,000	727,100	247,469	87,840
2010	465,000	701,785	253,970	81,338
2011	300,000	671,075	260,642	74,667
2012-2016	3,445,000	2,776,100	1,409,595	266,951
2017-2021	4,150,000	724,625	1,177,553	75,524
Total	\$ 9,670,000	\$ 7,120,821	\$ 3,889,773	\$ 784,304

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2006

Note 10 – Deferred Revenue

Deferred Revenue at June 30, 2006 is detailed as follows:

	Government Funds	Business-Type Funds
COPS Technology Grant	\$ 45,379	\$ -
2003 CDBG Grant	46,833	-
2004 Cal Home Grant	970	-
2004 CDBG Grant	62,504	-
2005 Cal Home Grant	364	-
Miscellaneous Grants	40,574	-
Transit Grant for Bus Purchase	-	159,721
Total	\$ 196,624	\$ 159,721

Note 11 – Public Entity Risk Pools

The City maintains self-insurance programs for workers' compensation, general public liability and auto liability.

For general liability and workers' compensation programs, the City is a member of the Central San Joaquin Valley Risk Management Authority (the RMA). The RMA 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 RMA 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 RMA being elected annually by the Board Members.

General Liability – Annual deposits are paid by members and are adjusted retrospectively to cover costs. Each member self-insures for the first \$25,000 of each loss. Members then share in claims from \$25,000 to \$500,000 per loss occurrence. Specific coverage includes comprehensive and general automotive liability, personal injury, contractual liability, errors and omissions and certain other coverage. Claims from \$200,000 to \$1,000,000 are covered by a special pre-funded self-insurance pool maintained by the RMA. Claims from \$1,000,000 to \$19,000,000 are self-insured by the California Affiliated Risk Management Authority (CARMA), a joint powers authority providing excess coverage to a membership consisting of six underlying Joint Power Authorities, representing approximately 175 cities and special districts. Claims from \$2,000,000 to \$148,000,000 are self-insured by the California Public Entity Insurance Authority which is a group of 101 different Joint Power Authorities. Costs are prorated on a payroll basis.

Workers' Compensation – Period deposits are paid by members and are adjusted retrospectively to cover costs. Each member has a specific retention level. The City of Wasco has a retention level to \$25,000 and pays 100% of all losses incurred under \$25,000. The City does not share or pay for losses of other members under \$25,000. Losses between \$25,000 and \$200,000 are prorated among all members on the basis of each member's total losses. Losses between \$200,000 and \$500,000 are covered by a special pre-funded self-insurance pool maintained by the RMA. Claims from \$500,000 to \$1,500,000 are self-insured by the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWEX) which is a group of 32 different Joint Power Authorities. Claims from \$2,000,000 to \$148,000,000 are self-insured by the California Public Entity Insurance Authority which is a group of 101 different Joint Power Authorities. Costs are prorated on a payroll basis.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2006

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), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. 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 2005/2006 was 19.21% 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.

Annual Pension Cost. For the fiscal year 2005/2006, The City’s annual pension costs of \$394,260 for the Miscellaneous Plan and \$0 for the Safety Plan was equal to the City’s required and actual contributions. The required contribution was determined as part of the June 30, 2003, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. 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%. Initial plan unfunded liabilities are amortized over a closed period equal to the average amortization period at the plan’s date of entry into the CalPERS Risk Pool. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the risk pool are amortized over a rolling 30 year period. If the plan’s accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

Three-Year Trend Information For The Plans

Miscellaneous Fund			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2004	\$ 139,870	100%	\$ -
6/30/2005	394,260	100%	-
6/30/2006	496,887	100%	-
Safety Fund			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2004	\$ -	0%	\$ -
6/30/2005	-	0%	-
6/30/2006	-	0%	-

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2006

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:

<u>Assessment Districts</u>	<u>Special Assessments Outstanding</u>	<u>Outstanding Bond Debt Service</u>
89-1 Barker	\$ 505,262	\$ 625,750
89-2 Tract 5071	558,660	530,500
89-3 Tract 4644	297,099	522,938
91-1 Barnhard	494,521	575,625
91-2A Summerfield	554,369	487,375
91-2B Summerfield	110,034	145,750
92-1 Industrial Park	3,240,925	3,240,925
93-1 Southside - Childress	1,652,072	1,612,750
Total	<u>\$ 7,412,942</u>	<u>\$ 7,741,613</u>

The "Special Assessments Outstanding" represent the sum of the remaining principal and interest for each parcel.

During the year ended June 30, 2006, \$4,225,142 of bonds were retired.

The \$3,537,120 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, 2006

Note 14 – Contingent Liabilities

Golf Course

State Street Bank and Trust Company of California, as trustee for the golf course bondholders (see Note 9), has filed a lawsuit against the Authority and the City. The lawsuit seeks to hold the Authority and City liable for the payment of all interest and principal due on the bonds and at the same time seeks to recover physical possession of the golf course. The court has ruled that judgment be rendered against the City in the approximate amount of \$2,700,000 plus interest for past due lease payments through November 15, 1997. This liability has been provided for in the financial statements. The court also ordered that a writ of mandate issue requiring the City, as lessee of the golf course, to budget for future lease payments. However, the court denied State Street's request for a writ of mandate requiring that the City budget for the past due lease payments. The court also ruled that the golf course property can be sold with the proceeds applied to the then-owing bonds. The court ruled that the Authority remains liable for the payment of the bonds and after any foreclosure sale, the Authority may be subject to a deficiency judgment. The only way to enforce a debt against a municipality is by way of a writ of mandate. By denying the writ of mandate with respect to past due lease payments, the court effectively ruled that the past due payments are unenforceable. With respect to future lease payments, the City can only budget and appropriate money if it is capable of so doing. The budget for the fiscal year ended June 30, 2006, was prepared without any allocation for the current year's lease payments. Pursuant to GASB-S14, the bond debt and corresponding assets are only presented in the Golf Course fund of the primary government.

Any resulting litigation loss in excess of amounts provided for in the financial statements cannot be estimated.

Other

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.

Note 15 – Other Disclosures

Included in the City's Net Assets for Business-Type Activities of \$5,276,108 is the Golf Course, which has a deficit balance of \$8,945,038.

The City is attempting to reduce this deficit by increasing golf course profits and restructuring the lease.

Note 16 – Subsequent Events

Agreements were reached in the golf course lawsuit (see Note 14). These agreements called for the trustee to conduct a foreclosure sale of the golf course, which occurred on August 8, 2006. A receiver was appointed to collect any remaining net revenues of the golf course and issue a final report to the court. When this report is made, the City and WPFA will be entitled to receive a full satisfaction of judgment. It is expected that this judgment will be satisfied prior to December 31, 2006.

City of Wasco
REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2006

Plans' Risk Pool History of Funded Status and Funding Progress

Miscellaneous Fund

Valuation Date	Accrued Liabilities	Actuarial Assets	Unfunded Liabilities (UL)	Funded Ratio	Annual Covered Payroll	UL As a % of Payroll
6/30/2003	\$ 335,029,580	\$ 270,886,705	\$ 64,142,875	80.9%	\$75,357,937	85.1%
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%

Safety Fund

Valuation Date	Accrued Liabilities	Actuarial Assets	Unfunded Liabilities (UL)	Funded Ratio	Annual Covered Payroll	UL As a % of Payroll
6/30/2003	\$ 319,127,268	\$ 307,383,212	\$ 11,744,056	96.3%	\$ -	n/a
6/30/2004	357,919,985	331,405,998	26,513,987	92.6%	-	n/a
6/30/2005	369,091,183	347,539,822	21,551,361	94.2%	-	n/a

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City of Wasco
REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2006

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, 2006

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, Capital Outlay, and Debt Service.

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.

City of Wasco
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year ended June 30, 2006

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 3,188,000	\$ 3,266,500	\$ 3,676,043	\$ 409,543
Licenses & Permits	354,000	354,500	371,835	17,335
Fines, Forfeitures & Assessments	38,700	63,700	19,166	(44,534)
Use of Money or Property	28,000	33,000	49,734	16,734
Intergovernmental	66,500	66,500	23,951	(42,549)
Charges for Services	228,000	248,000	258,666	10,666
Total Revenues	3,903,200	4,032,200	4,399,395	367,195
Expenditures:				
Current:				
General Government				
Council	112,060	115,560	113,027	(2,533)
Manager	564,761	579,261	380,627	(198,634)
Administrative	55,960	55,960	28,530	(27,430)
Finance & Accounting	127,380	124,880	96,127	(28,753)
Budget	66,460	66,460	59,135	(7,325)
Human Resources & Risk Management	167,470	167,470	136,361	(31,109)
Management Information Systems	(45,500)	(60,500)	(56,411)	4,089
Total General Government	1,048,591	1,049,091	757,396	(291,695)
Public Safety				
Sheriff	1,702,620	1,782,620	2,061,195	278,575
Animal Control	225,370	225,870	165,852	(60,018)
Total Public Safety	1,927,990	2,008,490	2,227,047	218,557
Community Development				
Planning	348,970	358,670	327,569	(31,101)
Engineering	188,540	189,440	141,728	(47,712)
Building Inspection	301,160	301,860	277,885	(23,975)
Code Compliance	114,790	114,790	92,732	(22,058)
Total Community Development	953,460	964,760	839,914	(124,846)
Non Departmental	933,480	956,980	277,202	(679,778)
Capital Outlay:				
General Capital Outlay	158,500	149,300	276,558	127,258
Debt Service:				
Interest and Finance Charges	-	-	-	-
Total Expenditures	5,022,021	5,128,621	4,378,117	(750,504)
Excess of Revenues Over Expenditures	(1,118,821)	(1,096,421)	21,278	1,117,699
Other Financing Sources (Uses):				
Operating Transfers In	870,900	870,900	300,930	(569,970)
Operating Transfers Out	(359,580)	(364,580)	(11,030)	353,550
Total Other Financing Sources (Uses)	511,320	506,320	289,900	(216,420)
Net Change in Fund Balances	(607,501)	(590,101)	311,178	901,279
Fund Balances - Beginning	1,266,472	1,266,472	1,266,472	-
Fund Balances - Ending	\$ 658,971	\$ 676,371	\$ 1,577,650	\$ 901,279

City of Wasco
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
STREETS FUND
Year ended June 30, 2006

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 379,000	\$ 451,168	\$ 511,108	\$ 59,940
Use of Money or Property	1,500	3,500	9,333	5,833
Intergovernmental	4,502,510	4,546,780	805,975	(3,740,805)
Charges for Services	31,500	231,500	96,345	(135,155)
Total Revenues	4,914,510	5,232,948	1,422,761	(3,810,187)
Expenditures:				
Current:				
Public Works	1,289,320	1,381,895	1,096,729	(285,166)
Capital Outlay:				
General Capital Outlay	80,560	104,153	112,048	7,895
Street Improvements	5,661,060	5,705,330	378,715	(5,326,615)
Total Expenditures	7,030,940	7,191,378	1,587,492	(5,603,886)
Excess of Revenues Over Expenditures	(2,116,430)	(1,958,430)	(164,731)	1,793,699
Other Financing Sources (Uses):				
Operating Transfers In	2,396,130	2,396,130	1,104,097	(1,292,033)
Operating Transfers Out	(279,700)	(279,700)	(1,024,896)	(745,196)
Total Other Financing Sources (Uses)	2,116,430	2,116,430	79,201	(2,037,229)
Net Change in Fund Balances	-	158,000	(85,530)	(243,530)
Fund Balances - Beginning	480,902	480,902	480,902	-
Fund Balances - Ending	\$ 480,902	\$ 638,902	\$ 395,372	\$ (243,530)

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

Shop Maintenance Fund – Accounts for the cost of repairs and maintenance of City vehicles and equipment. Also accounts for the reimbursement from other funds for these costs.

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.

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.

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.

City of Wasco
SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUNDS – (continued)

School Community Policing Partnership Fund – Accounts for grant proceeds received from the State of California in partnership with the Wasco Union Elementary School District. These funds will be used to pay for a sheriff's deputy assigned to the Elementary and High Schools in Wasco.

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.

Universal Hiring Grant – COPS – The Universal Hiring Program (IHP) Community Oriented Policing Services (COPS) is a three year grant that is funding for the hiring and development of career law enforcement officers into community policing roles.

Universal Hiring Grant – Schools – The Universal Hiring Program (IHP) Community Oriented Policing Services (COPS) in schools is a three year grant that is funding for the hiring and development of career law enforcement officers in and around primary and secondary schools. UHP COPS in schools was designed to provide an incentive for law enforcement agencies to build working relationships with schools in order to use community policing efforts to combat school violence.

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.

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.

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)

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. The City does not prepare an annual budget for this fund.

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, 2006

	Shop Maintenance	TDA Streets	Lighting & Landscape	Emergency Response	Traffic Safety	Traffic Impact	1993 CDBG Grant Fund	COPS Grant Fund	2002 Cal Home Grant Fund
Assets:									
Cash and Investments	\$ 14,947	\$ 213,147	\$ 43,602	\$ 2,801	\$ 125,841	\$ 489,613	\$ 102,459	\$ 59,431	\$ 119,515
Investments With Fiscal Agents - Restrictec	-	-	-	-	-	-	-	-	-
Receivables, net	24	1,099	375	-	1,048	4,469	408	1,033	1,896
Prepaid Expenses	-	-	-	-	-	-	-	-	-
Interfund Receivables	-	-	-	-	-	-	-	-	60,000
Notes Receivable	-	-	-	-	-	-	288,544	-	293,329
Total Assets	\$ 14,971	\$ 214,246	\$ 43,977	\$ 2,801	\$ 126,889	\$ 494,082	\$ 391,411	\$ 60,464	\$ 474,740
Liabilities:									
Accounts Payable	\$ 2,159	\$ -	\$ 255	\$ -	\$ -	\$ -	\$ 68	\$ -	\$ -
Interfund Payables	-	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-	45,379	-
Total Liabilities	2,159	-	255	-	-	-	68	45,379	-
Fund Balances:									
Reserved For:									
Restricted Cash	-	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	288,544	-	293,329
Unreserved:									
Undesignated	12,812	214,246	43,722	2,801	126,889	494,082	102,799	15,085	181,411
Total Fund Balances (Deficit)	12,812	214,246	43,722	2,801	126,889	494,082	391,343	15,085	474,740
Total Liabilities & Fund Balances	\$ 14,971	\$ 214,246	\$ 43,977	\$ 2,801	\$ 126,889	\$ 494,082	\$ 391,411	\$ 60,464	\$ 474,740

City of Wasco
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2006

School Policing	Community Ptshp.	CHFA Rehab Grant	2003 CDBG Grant Fund	Universal Hiring Grant - COPS	Universal Hiring Grant - Schools	2004 Cal Home Grant Fund	2004 CDBG Grant Fund	2005 Cal Home Grant Fund	Miscellaneous Grants	Public Financing Authority	Total Non-Major Special Revenue Funds
\$	9,565	\$ 176,019	\$ 153,495	\$ 127,994	\$ 14,828	\$ 35,654	\$ 49,146	\$ -	\$ -	\$ -	\$ 1,738,057
-	2	846	282	-	-	-	5,000	7,500	27,636	163,889	163,889
-	-	-	-	-	-	800	-	-	-	-	800
-	-	-	-	-	-	-	-	-	-	-	60,000
-	162,632	280,421	-	-	443,987	85,775	124,236	-	-	-	1,678,924
\$	9,567	\$ 339,497	\$ 434,198	\$ 127,994	\$ 14,828	\$ 480,441	\$ 139,921	\$ 131,736	\$ 27,636	\$ 163,889	\$ 3,693,288
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10	\$ 10	\$ -	\$ 13,286	\$ 15,788
-	-	-	46,833	37,074	-	970	62,504	15,943	25,653	20,336	61,932
-	-	-	46,833	37,074	-	970	62,514	16,317	3,500	-	196,624
-	-	-	46,833	37,074	-	970	62,514	16,317	29,153	33,622	274,344
-	-	-	-	-	-	-	-	-	-	163,889	163,889
-	162,632	280,421	-	-	443,987	85,775	124,236	-	-	-	1,678,924
9,567	176,865	106,944	90,920	14,828	35,484	(8,368)	(8,817)	(1,517)	(33,622)	-	1,576,131
9,567	339,497	387,365	90,920	14,828	479,471	77,407	115,419	(1,517)	130,267	-	3,418,944
\$	9,567	\$ 339,497	\$ 434,198	\$ 127,994	\$ 14,828	\$ 480,441	\$ 139,921	\$ 131,736	\$ 27,636	\$ 163,889	\$ 3,693,288

City of Wasco
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS)
NON-MAJOR SPECIAL REVENUE FUNDS
Year ended June 30, 2006

	Shop Maintenance	TDA Streets	Lighting & Landscape	Emergency Response	Traffic Safety	Traffic Impact	1993 CDBG Grant Fund	COPS Grant Fund	2002 Cal Home Grant Fund
Revenues:									
Taxes	\$ -	\$ -	\$ 45,514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, Forfeitures & Assessments	-	-	-	-	31,819	-	-	-	-
Use of Money or Property	-	4,262	-	-	3,772	13,807	49,448	6,962	28,846
Intergovernmental	69,934	607,034	-	-	-	-	-	240,155	-
Charges for Services	-	-	-	-	-	167,965	927	-	3,416
Total Revenues	69,934	611,296	45,514	-	35,591	181,772	50,375	247,117	32,262
Expenditures:									
Current:									
Public Safety	-	-	-	-	-	-	-	14,488	-
Public Works	-	-	4,839	3,424	15,435	-	-	-	-
Community Development	-	-	-	-	-	-	54,321	-	21,481
Capital Outlay:									
General Capital Outlay	48,234	-	563	8,775	-	-	-	127,616	-
Total Expenditures	48,234	-	5,402	12,199	15,435	-	54,321	142,104	21,481
Excess of Revenues Over Expenditures	21,700	611,296	40,112	(12,199)	20,156	181,772	(3,946)	105,013	10,781
Other Financing Sources (Uses):									
Operating Transfers In	-	-	-	15,000	-	-	6,000	-	12,000
Operating Transfers Out	-	(607,035)	(30,476)	-	-	(59,933)	(20,860)	(100,000)	-
Total Other Financing Sources (Uses)	-	(607,035)	(30,476)	15,000	-	(59,933)	(14,860)	(100,000)	12,000
Net Change in Fund Balances	21,700	4,261	9,636	2,801	20,156	121,839	(18,806)	5,013	22,781
Fund Balances - Beginning	(8,888)	209,985	34,086	-	106,733	372,243	410,149	10,072	451,959
Fund Balances - Ending	\$ 12,812	\$ 214,246	\$ 43,722	\$ 2,801	\$ 126,889	\$ 494,082	\$ 391,343	\$ 15,085	\$ 474,740

City of Wasco
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS)
NON-MAJOR SPECIAL REVENUE FUNDS
Year ended June 30, 2006

School Policing	Community Ptshp.	CHFA Rehab Grant	2003 CDBG Grant Fund	Universal Hiring Grant - COPS	Universal Hiring Grant - Schools	2004 Cal Home Grant Fund	2004 CDBG Grant Fund	2005 Cal Home Grant Fund	Miscellaneous Grants	Public Financing Authority	Total Non-Major Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,514
-	-	-	-	-	-	-	-	-	-	-	31,819
6	12,159	8,280	-	-	2,407	174	-	-	-	39,943	170,066
9,756	-	122,523	9,355	12,133	354,612	85,775	124,636	27,636	-	-	1,663,549
-	150	13,027	-	-	27,270	19,898	-	-	-	41,064	273,717
9,762	12,309	143,830	9,355	12,133	384,289	105,847	124,636	27,636	81,007	-	2,184,665
4,370	-	-	2,465	2,462	-	-	-	-	-	-	23,785
-	-	-	-	-	-	-	-	-	-	-	23,698
-	16,408	50,499	-	-	22,579	29,453	21,717	29,153	124,226	-	369,837
-	-	-	-	-	-	-	-	-	-	-	185,188
4,370	16,408	50,499	2,465	2,462	22,579	29,453	21,717	29,153	124,226	-	602,508
5,392	(4,099)	93,331	6,890	9,671	361,710	76,394	102,919	(1,517)	(43,219)	-	1,582,157
5,030	7,590	-	-	-	8,770	10,000	12,500	-	-	-	76,890
-	-	-	(6,890)	(6,220)	-	-	-	-	-	-	(831,414)
5,030	7,590	-	(6,890)	(6,220)	8,770	10,000	12,500	-	-	-	(754,524)
10,422	3,491	93,331	-	3,451	370,480	86,394	115,419	(1,517)	(43,219)	-	827,633
(855)	336,006	294,034	90,920	11,377	108,991	(8,987)	-	-	173,486	-	2,591,311
\$ 9,567	\$ 339,497	\$ 387,365	\$ 90,920	\$ 14,828	\$ 479,471	\$ 77,407	\$ 115,419	\$ (1,517)	\$ 130,267	\$ -	\$ 3,418,944

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
SHOP MAINTENANCE FUND
Year ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Intergovernmental	\$ 54,240	\$ 54,240	\$ 69,934	\$ 15,694
Total Revenues	54,240	54,240	69,934	15,694
Expenditures:				
Capital Outlay:				
General Capital Outlay	54,240	54,240	48,234	(6,006)
Total Expenditures	54,240	54,240	48,234	(6,006)
Net Change in Fund Balances	-	-	21,700	21,700
Fund Balances - Beginning	(8,888)	(8,888)	(8,888)	-
Fund Balances - Ending	\$ (8,888)	\$ (8,888)	\$ 12,812	\$ 21,700

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
TDA STREETS
Year ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of Money or Property	\$ 2,500	\$ 2,500	\$ 4,262	\$ 1,762
Intergovernmental	300,000	300,000	607,034	307,034
Total Revenues	302,500	302,500	611,296	308,796
Other Financing Sources (Uses):				
Operating Transfers Out	(1,112,930)	(1,112,930)	(607,035)	505,895
Total Other Financing Sources (Uses)	(1,112,930)	(1,112,930)	(607,035)	505,895
Net Changes in Fund Balances	(810,430)	(810,430)	4,261	814,691
Fund Balances - Beginning	209,985	209,985	209,985	-
Fund Balances - Ending	\$ (600,445)	\$ (600,445)	\$ 214,246	\$ 814,691

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
LIGHTING & LANDSCAPE FUND
Year ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 43,100	\$ 43,100	\$ 45,514	\$ 2,414
Total Revenues	43,100	43,100	45,514	2,414
Expenditures:				
Current:				
Public Works	16,400	16,400	4,839	(11,561)
Capital Outlay:				
General Capital Outlay	-	-	563	563
Total Expenditures	16,400	16,400	5,402	(10,998)
Excess of Revenues Over Expenditures	26,700	26,700	40,112	13,412
Other Financing Sources (Uses):				
Operating Transfers In	-	5,000	-	(5,000)
Operating Transfers Out	(26,700)	(31,700)	(30,476)	1,224
Total Other Financing Sources (Uses)	(26,700)	(26,700)	(30,476)	(3,776)
Net Change in Fund Balances	-	-	9,636	9,636
Fund Balances - Beginning	34,086	34,086	34,086	-
Fund Balances - Ending	\$ 34,086	\$ 34,086	\$ 43,722	\$ 9,636

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
EMERGENCY RESPONSE
Year ended June 30, 2006

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures:				
Current:				
Public Works	5,000	5,000	3,424	(1,576)
Capital Outlay:				
General Capital Outlay	10,000	10,000	8,775	(1,225)
Total Expenditures	15,000	15,000	12,199	(2,801)
Excess of Revenues Over Expenditures	(15,000)	(15,000)	(12,199)	2,801
Other Financing Sources (Uses):				
Operating Transfers In	15,000	15,000	15,000	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	15,000	15,000	15,000	-
Net Change in Fund Balances	-	-	2,801	2,801
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ -	\$ 2,801	\$ 2,801

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
TRAFFIC SAFETY FUND
Year ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Fines, Forfeitures & Assessments	\$ 31,550	\$ 31,550	\$ 31,819	\$ 269
Use of Money or Property	2,000	4,000	3,772	(228)
Total Revenues	33,550	35,550	35,591	41
Expenditures:				
Current:				
Public Works	33,550	33,550	15,435	(18,115)
Total Expenditures	33,550	33,550	15,435	(18,115)
Excess of Revenues Over Expenditures	-	2,000	20,156	18,156
Fund Balances - Beginning	106,733	106,733	106,733	-
Fund Balances - Ending	<u>\$ 106,733</u>	<u>\$ 108,733</u>	<u>\$ 126,889</u>	<u>\$ 18,156</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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of Money or Property	\$ 2,000	\$ 6,000	\$ 13,807	\$ 7,807
Charges for Services	100,000	100,000	167,965	67,965
Total Revenues	102,000	106,000	181,772	75,772
Other Financing Sources (Uses):				
Operating Transfers Out	(238,400)	(238,400)	(59,933)	178,467
Total Other Financing Sources (Uses)	(238,400)	(238,400)	(59,933)	178,467
Net Change in Fund Balances	(136,400)	(132,400)	121,839	254,239
Fund Balances - Beginning	372,243	372,243	372,243	-
Fund Balances - Ending	\$ 235,843	\$ 239,843	\$ 494,082	\$ 254,239

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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of Money or Property	\$ 56,000	\$ 56,000	\$ 49,448	\$ (6,552)
Intergovernmental	-	-	927	927
Total Revenues	56,000	56,000	50,375	(5,625)
Expenditures:				
Current:				
Community Development	59,000	59,000	54,321	(4,679)
Capital Outlay:				
General Capital Outlay	-	-	-	-
Total Expenditures	59,000	59,000	54,321	(4,679)
Excess of Revenues Over Expenditures	(3,000)	(3,000)	(3,946)	(946)
Other Financing Sources (Uses):				
Operating Transfers In	6,000	6,000	6,000	-
Operating Transfers Out	(20,860)	(20,860)	(20,860)	-
Total Other Financing Sources (Uses)	(14,860)	(14,860)	(14,860)	-
Net Change in Fund Balances	(17,860)	(17,860)	(18,806)	(946)
Fund Balances - Beginning	410,149	410,149	410,149	-
Fund Balances - Ending	\$ 392,289	\$ 392,289	\$ 391,343	\$ (946)

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Use of Money or Property	\$ 3,000	\$ 4,000	\$ 6,962	\$ 2,962
Intergovernmental	100,000	100,000	240,155	140,155
Total Revenues	103,000	104,000	247,117	143,117
Expenditures:				
Current:				
Public Safety	15,880	15,880	14,488	(1,392)
Capital Outlay:				
General Capital Outlay	144,000	144,000	127,616	(16,384)
Total Expenditures	159,880	159,880	142,104	(17,776)
Excess of Revenues Over Expenditures	(56,880)	(55,880)	105,013	160,893
Other Financing Sources (Uses):				
Operating Transfers Out	(100,000)	(100,000)	(100,000)	-
Total Other Financing Sources (Uses)	(100,000)	(100,000)	(100,000)	-
Net Change in Fund Balances	(156,880)	(155,880)	5,013	160,893
Fund Balances - Beginning	10,072	10,072	10,072	-
Fund Balances - Ending	\$ (146,808)	\$ (145,808)	\$ 15,085	\$ 160,893

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, 2006

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Use of Money or Property	\$ 22,500	\$ 24,000	\$ 28,846	\$ 4,846
Intergovernmental	-	-	-	-
Charges for Services	500	500	3,416	2,916
Total Revenues	23,000	24,500	32,262	7,762
Expenditures:				
Current:				
Community Development	47,500	47,500	21,481	(26,019)
Capital Outlay:				
General Capital Outlay	-	-	-	-
Total Expenditures	47,500	47,500	21,481	(26,019)
Excess of Revenues Over Expenditures	(24,500)	(23,000)	10,781	33,781
Other Financing Sources (Uses):				
Operating Transfers In	24,500	24,500	12,000	(12,500)
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	24,500	24,500	12,000	(12,500)
Net Change in Fund Balances	-	1,500	22,781	21,281
Fund Balances - Beginning	451,959	451,959	451,959	-
Fund Balances - Ending	\$ 451,959	\$ 453,459	\$ 474,740	\$ 21,281

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
SCHOOL COMMUNITY POLICING PARTNERSHIP FUND
Year ended June 30, 2006

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Use of Money or Property	\$ -	\$ -	\$ 6	\$ 6
Intergovernmental	-	-	9,756	9,756
Total Revenues	-	-	9,762	9,762
Expenditures:				
Current:				
Public Safety	5,030	5,030	4,370	(660)
Total Expenditures	5,030	5,030	4,370	(660)
Excess of Revenues Over Expenditures	(5,030)	(5,030)	5,392	10,422
Other Financing Sources (Uses):				
Operating Transfers In	5,030	5,030	5,030	-
Total Other Financing Sources (Uses)	5,030	5,030	5,030	-
Net Change in Fund Balances	-	-	10,422	10,422
Fund Balances - Beginning	(855)	(855)	(855)	-
Fund Balances - Ending	\$ (855)	\$ (855)	\$ 9,567	\$ 10,422

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Use of Money or Property	\$ 43,000	\$ 45,000	\$ 12,159	\$ (32,841)
Intergovernmental	-	-	-	-
Charges for Services	-	500	150	(350)
Total Revenues	43,000	45,500	12,309	(33,191)
Expenditures:				
Current:				
Community Development	48,090	48,090	16,408	(31,682)
Total Expenditures	48,090	48,090	16,408	(31,682)
Excess of Revenues Over Expenditures	(5,090)	(2,590)	(4,099)	(1,509)
Other Financing Sources (Uses):				
Operating Transfers In	5,090	5,090	7,590	2,500
Total Other Financing Sources (Uses)	5,090	5,090	7,590	2,500
Net Change in Fund Balances	-	2,500	3,491	991
Fund Balances - Beginning	336,006	336,006	336,006	-
Fund Balances - Ending	\$ 336,006	\$ 338,506	\$ 339,497	\$ 991

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, 2006

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Use of Money or Property	\$ 10,500	\$ 21,500	\$ 8,280	\$ (13,220)
Intergovernmental	75,000	75,000	122,523	47,523
Charges for Services	30,000	30,000	13,027	(16,973)
Total Revenues	115,500	126,500	143,830	17,330
Expenditures:				
Current:				
Community Development	115,500	115,500	50,499	(65,001)
Capital Outlay:				
General Capital Outlay	-	-	-	-
Total Expenditures	115,500	115,500	50,499	(65,001)
Excess of Revenues Over Expenditures	-	11,000	93,331	82,331
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	11,000	93,331	82,331
Fund Balances - Beginning	294,034	294,034	294,034	-
Fund Balances - Ending	\$ 294,034	\$ 305,034	\$ 387,365	\$ 82,331

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
UNIVERSAL HIRING GRANT - COPS
Year ended June 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Intergovernmental	\$ 10,040	\$ 10,040	\$ 9,355	\$ (685)
Total Revenues	10,040	10,040	9,355	(685)
Expenditures:				
Current:				
Public Safety	3,150	3,150	2,465	(685)
Total Expenditures	3,150	3,150	2,465	(685)
Excess of Revenues Over Expenditures	6,890	6,890	6,890	-
Other Financing Sources (Uses):				
Operating Transfers Out	(6,890)	(6,890)	(6,890)	-
Total Other Financing Sources (Uses)	(6,890)	(6,890)	(6,890)	-
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning	90,920	90,920	90,920	-
Fund Balances - Ending	<u>\$ 90,920</u>	<u>\$ 90,920</u>	<u>\$ 90,920</u>	<u>-</u>

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
UNIVERSAL HIRING GRANT – COPS IN SCHOOLS
Year ended June 30, 2006

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental Charges for Services	\$ 9,370	\$ 9,370	\$ 12,133	\$ 2,763
	-	-	-	-
Total Revenues	9,370	9,370	12,133	2,763
Expenditures:				
Current:				
Public Safety	3,150	3,150	2,462	(688)
Total Expenditures	3,150	3,150	2,462	(688)
Excess of Revenues Over Expenditures	6,220	6,220	9,671	3,451
Other Financing Sources (Uses):				
Operating Transfers Out	(6,220)	(6,220)	(6,220)	-
Total Other Financing Sources (Uses)	(6,220)	(6,220)	(6,220)	-
Net Change in Fund Balances	-	-	3,451	3,451
Fund Balances - Beginning	11,377	11,377	11,377	-
Fund Balances - Ending	\$ 11,377	\$ 11,377	\$ 14,828	\$ 3,451

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, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of Money or Property	\$ 13,000	\$ 13,000	\$ 2,407	\$ (10,593)
Intergovernmental	250,000	250,000	354,612	104,612
Charges for Services	12,500	12,500	27,270	14,770
	<hr/>			
Total Revenues	275,500	275,500	384,289	108,789
Expenditures:				
Current:				
Community Development	281,770	281,770	22,579	(259,191)
	<hr/>			
Total Expenditures	281,770	281,770	22,579	(259,191)
	<hr/>			
Excess of Revenues Over Expenditures	(6,270)	(6,270)	361,710	367,980
Other Financing Sources (Uses):				
Operating Transfers In	6,270	6,270	8,770	2,500
Operating Transfers Out	-	-	-	-
	<hr/>			
Total Other Financing Sources (Uses)	6,270	6,270	8,770	2,500
	<hr/>			
Net Change in Fund Balances	-	-	370,480	370,480
	<hr/>			
Fund Balances - Beginning	108,991	108,991	108,991	-
	<hr/>			
Fund Balances - Ending	\$ 108,991	\$ 108,991	\$ 479,471	\$ 370,480
	<hr/> <hr/>			

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, 2006

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Use of Money or Property	\$ 3,600	\$ 3,600	\$ 174	\$ (3,426)
Intergovernmental	140,000	140,000	85,775	(54,225)
Charges for Services	35,700	35,700	19,898	(15,802)
Total Revenues	179,300	179,300	105,847	(73,453)
Expenditures:				
Current:				
Community Development	179,300	179,300	29,453	(149,847)
Total Expenditures	179,300	179,300	29,453	(149,847)
Excess of Revenues Over Expenditures	-	-	76,394	76,394
Other Financing Sources (Uses):				
Operating Transfers In	-	-	10,000	10,000
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	10,000	10,000
Net Change in Fund Balances	-	-	86,394	86,394
Fund Balances - Beginning	(8,987)	(8,987)	(8,987)	-
Fund Balances - Ending	\$ (8,987)	\$ (8,987)	\$ 77,407	\$ 86,394

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, 2006

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Use of Money or Property	\$ 6,500	\$ 6,500	\$ -	\$ (6,500)
Intergovernmental	500,000	500,000	124,636	(375,364)
Charges for Services	22,000	22,000	-	(22,000)
Total Revenues	528,500	528,500	124,636	(403,864)
Expenditures:				
Current:				
Community Development	528,500	528,500	21,717	(506,783)
Total Expenditures	528,500	528,500	21,717	(506,783)
Excess of Revenues Over Expenditures	-	-	102,919	102,919
Other Financing Sources (Uses):				
Operating Transfers In	-	-	12,500	12,500
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	12,500	12,500
Net Change in Fund Balances	-	-	115,419	115,419
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ -	\$ 115,419	\$ 115,419

City of Wasco
SUPPLEMENTARY INFORMATION

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for capital improvements 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. One component unit is reported as a major fund and is presented in the basic financial statements.

Redevelopment Agency Fund (component unit) – Accounts for the Wasco Redevelopment Agency (a component unit of the City). The Agency was created to develop 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.

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
REDEVELOPMENT AGENCY FUND
Year ended June 30, 2006

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 321,910	\$ 321,910	\$ 700,908	\$ 378,998
Use of Money or Property	157,500	157,500	29,667	(127,833)
Total Revenues	479,410	479,410	730,575	251,165
Expenditures:				
Current:				
Community Development	228,040	228,040	258,931	30,891
Capital Outlay:				
General Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	160,000	160,000	160,000	-
Interest and Finance Charges	181,600	181,600	219,079	37,479
Total Expenditures	569,640	569,640	638,010	68,370
Excess of Revenues Over Expenditures	(90,230)	(90,230)	92,565	182,795
Other Financing Sources (Uses):				
Operating Transfers In	135,000	135,000	135,000	-
Operating Transfers Out	(10,000)	(10,000)	(30,000)	(20,000)
Total Other Financing Sources (Uses)	125,000	125,000	105,000	(20,000)
Net Change in Fund Balances	34,770	34,770	197,565	162,795
Fund Balances - Beginning	3,466,786	3,466,786	3,466,786	-
Fund Balances - Ending	\$ 3,501,556	\$ 3,501,556	\$ 3,664,351	\$ 162,795

City of Wasco
SUPPLEMENTARY INFORMATION

NON-MAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs of providing goods or services are recovered primarily through user charges and where periodic determination of net income is appropriate.

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.

Compressed Natural Gas (CNG) Fueling Station – The facility includes one fill pump that is available to the City of Wasco, Local School Districts and the general public.

City of Wasco
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
June 30, 2006

	Public Transportation	CNG Fueling Station	Total Non-Major Proprietary Funds
Assets:			
Current Assets:			
Cash and Investments	\$ 257,100	\$ 1,085	\$ 258,185
Receivables	133,609	2,320	135,929
	<hr/>	<hr/>	<hr/>
Total Current Assets	390,709	3,405	394,114
Noncurrent Assets:			
Capital Assets (net of accumulated depreciation)	229,161	867,987	1,097,148
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets	229,161	867,987	1,097,148
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 619,870	\$ 871,392	\$ 1,491,262
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 1,975	\$ -	\$ 1,975
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	1,975	-	1,975
Noncurrent Liabilities:			
Compensated Absences Payable	1,285	-	1,285
Deferred Revenue	159,721	-	159,721
	<hr/>	<hr/>	<hr/>
Total Noncurrent Liabilities	161,006	-	161,006
	<hr/>	<hr/>	<hr/>
Total Liabilities	162,981	-	162,981
Net Assets:			
Invested in Capital Assets, net of related debt	229,161	867,987	1,097,148
Unrestricted	227,728	3,405	231,133
	<hr/>	<hr/>	<hr/>
Net Assets	\$ 456,889	\$ 871,392	\$ 1,328,281
	<hr/>	<hr/>	<hr/>

City of Wasco
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
Year ended June 30, 2006

	Public Transportation	CNG Fueling Station	Total Non-Major Proprietary Funds
Operating Revenues:			
Charges for Services	\$ 19,918	\$ 3,470	\$ 23,388
Total Operating Revenues	19,918	3,470	23,388
Operating Expenses:			
Wages and Benefits	128,230	-	128,230
Administration	12,314	65	12,379
Materials and Supplies	12,118	-	12,118
Maintenance and Repair	35,635	-	35,635
Utilities	2,475	-	2,475
Depreciation	14,570	-	14,570
Total Operating Expenses	205,342	65	205,407
Operating Income (Loss)	(185,424)	3,405	(182,019)
Nonoperating Revenues (Expenses):			
Interest Income	13,170	-	13,170
Intergovernmental	418,008	-	418,008
Total Nonoperating Revenues (Expenses)	431,178	-	431,178
Income (Loss) Before Transfers	245,754	3,405	249,159
Transfers In	-	867,987	867,987
Transfers Out	(45,247)	-	(45,247)
Change in Net Assets	200,507	871,392	1,071,899
Net Assets - Beginning	256,382	-	256,382
Net Assets - Ending	\$ 456,889	\$ 871,392	\$ 1,328,281

City of Wasco
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
Year ended June 30, 2006

	Public Transportation	CNG Fueling Station	Total Non-Major Proprietary Funds
Cash flows from operating activities:			
Cash received from:			
Customers, including cash deposits	\$ 19,706	\$ 1,150	\$ 20,856
Cash paid to:			
Suppliers	(60,100)	-	(60,100)
Employees	(128,165)	(65)	(128,230)
	<u>(168,559)</u>	<u>1,085</u>	<u>(167,474)</u>
Net cash provided (used) by operating activities			
Net cash provided from noncapital financing activities:			
Cash transferred from other funds	-	867,987	867,987
Cash transferred to other funds	(45,247)	-	(45,247)
Intergovernmental revenue	224,406	-	224,406
	<u>179,159</u>	<u>867,987</u>	<u>1,047,146</u>
Net cash provided (used) by noncapital financing activities			
Cash flows from capital and related financing activities:			
Capital grant funds received	24,631	-	24,631
Purchase of capital assets	(181,194)	(867,987)	(1,049,181)
	<u>(156,563)</u>	<u>(867,987)</u>	<u>(1,024,550)</u>
Net cash provided (used) by capital and related financing activities			
Cash flows from investing activities:			
Interest received	13,170	-	13,170
	<u>13,170</u>	<u>-</u>	<u>13,170</u>
Net cash provided by investing activities			
Net increase (decrease) in cash	(132,793)	1,085	(131,708)
Cash and cash equivalents - Beginning of year	389,893	-	389,893
Cash and cash equivalents - End of year	<u>\$ 257,100</u>	<u>\$ 1,085</u>	<u>\$ 258,185</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (185,424)	\$ 3,405	\$ (182,019)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	14,570	-	14,570
(Increase) decrease in accounts receivable	(212)	(2,320)	(2,532)
(Increase) decrease in prepaid expenses	1,945	-	1,945
Increase (decrease) in accounts payable	562	-	562
	<u>(168,559)</u>	<u>1,085</u>	<u>(167,474)</u>
Net cash provided (used) by operating activities			

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.

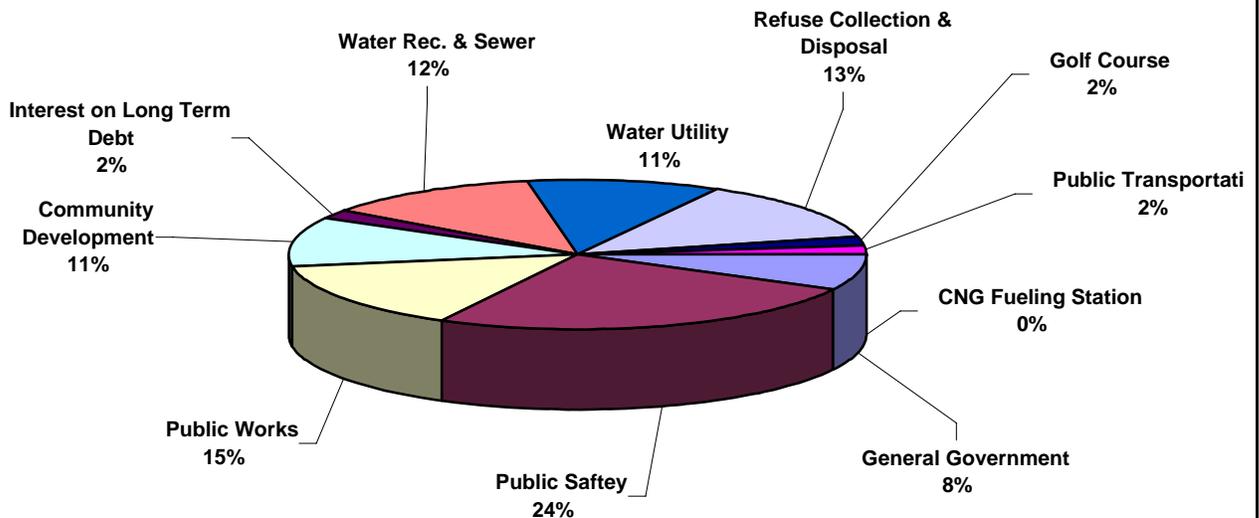
City of Wasco
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
FINANCING AUTHORITY
Year ended June 30, 2006

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Assets:				
Cash and Investments	\$ 1,351,325	\$ 3,959,570	\$ (2,312,718)	\$ 2,998,177
Investments with Fiscal Agents - Restricted	487,269	6,014	-	493,283
Receivables	2,967	22,357	-	25,324
Interfund Receivables	17,396	2,940	-	20,336
	<hr/>			
Total Assets	<u>\$ 1,858,957</u>	<u>\$ 3,990,881</u>	<u>\$ (2,312,718)</u>	<u>\$ 3,537,120</u>
Liabilities:				
Due to Bondholders	\$ 1,858,957	\$ 3,945,515	\$ (2,267,352)	3,537,120
	<hr/>			
Total Liabilities	<u>\$ 1,858,957</u>	<u>\$ 3,945,515</u>	<u>\$ (2,267,352)</u>	<u>\$ 3,537,120</u>

City of Wasco
Government-wide Expenses By Function
 Last ten fiscal years*
 Table -1

FUNCTIONS	FY 2002/2003	FY 2003/2004	FY 2004/2005	FY 2005/2006
General Government	\$ 991,642	\$ 975,433	\$ 1,113,205	\$ 828,505
Public Safety	1,914,842	2,126,447	2,715,804	2,633,693
Public Works	896,723	1,557,534	1,056,748	1,552,356
Community Development	844,130	583,308	764,896	1,115,011
Interest	239,953	289,953	10,260	215,937
Water Rec. & Sewer	1,193,518	1,382,290	1,365,625	1,308,610
Water Utility	1,047,739	1,011,590	1,046,063	1,143,306
Refuse Collection & Disposal	1,037,197	1,072,572	1,211,532	1,379,544
Golf Course	158,658	194,651	192,660	197,672
Public Transportation	179,335	227,434	205,823	205,342
CNG Fueling Station				65
TOTAL	\$ 8,503,737	\$ 9,421,212	\$ 9,682,616	\$ 10,580,041

*This schedule is intended to ultimately cover 10 years worth of data.
 Only the first four years were available. Graph represents fiscal year 2005/2006



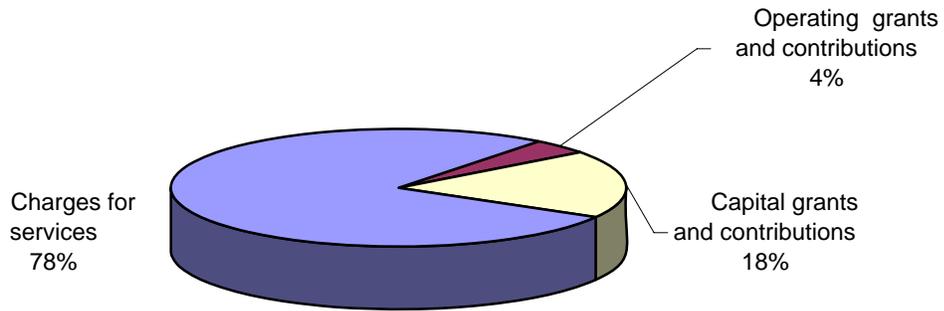
SOURCE: City of Wasco Audited Financial Statements

City of Wasco
 Government-wide Revenues
 Last ten fiscal years*
 Table-2

PROGRAM AND GENERAL REVENUES	FY 2002/2003	FY 2003/2004	FY 2004/2005	FY 2005/2006
Program Revenues				
Charges for services	\$ 5,015,208	\$ 5,829,976	\$ 6,454,161	\$ 7,188,372
Operating grants and contributions	260,584	360,689	543,224	402,455
Capital grants and contributions	347,750	102,245	2,431,596	1,720,448
TOTAL	\$ 5,623,542	\$ 6,292,910	\$ 9,428,981	\$ 9,311,275

*This schedule is intended to ultimately cover 10 years worth of data.
 Only the first four years were available. Graph represents fiscal year 2005/2006

General Revenues

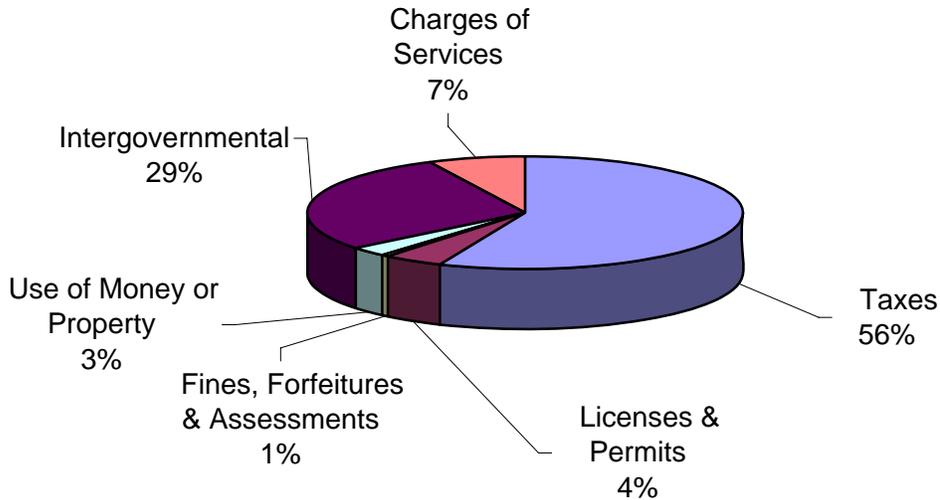


SOURCE: City of Wasco Audited Financial Statements

City of Wasco
 General Governmental Revenues by Source
 Last ten fiscal years*
 Table-3

SOURCES	FY 2002/2003	FY 2003/2004	FY 2004/2005	FY 2005/2006
Taxes	\$ 3,525,308	\$ 3,375,002	\$ 3,928,812	\$ 4,933,573
Licenses & Permits	210,026	282,409	329,765	371,835
Fines, Forfeitures & Assessments	84,588	69,069	39,017	50,985
Use of Money or Property	160,287	237,948	155,930	258,800
Intergovernmental	1,095,171	1,585,106	2,596,561	2,493,475
Charges of Services	282,969	340,835	577,381	628,728
TOTAL	\$ 5,358,349	\$ 5,890,369	\$ 7,627,466	\$ 8,737,396

*This schedule is intended to ultimately cover 10 years worth of data.
 Only the first four years were available. Graph represents fiscal year 2005/2006

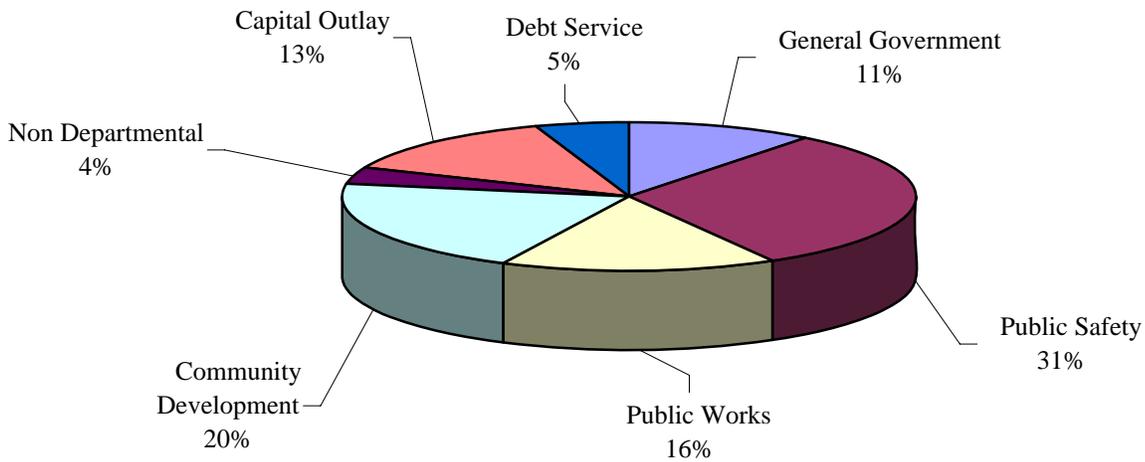


SOURCE: City of Wasco Audited Financial Statements

City of Wasco
General Governmental Expenditures by Function
 Last ten fiscal years*
 Table-4

FUNCTIONS	FY 2002/2003	FY 2003/2004	FY 2004/2005	FY 2005/2006
General Government	\$ 544,252	\$ 615,026	\$ 816,192	\$ 757,396
Public Safety	1,675,489	1,900,766	2,338,506	2,250,832
Public Works	789,686	801,401	899,520	1,120,427
Community Development	1,074,219	778,682	887,111	1,468,682
Non Departmental	388,915	325,695	305,999	277,202
Capital Outlay	232,466	747,004	1,154,229	952,509
Debt Service	431,519	399,478	437,974	379,079
TOTAL	\$ 5,136,546	\$ 5,568,052	\$ 6,839,531	\$ 7,206,127

*This schedule is intended to ultimately cover 10 years worth of data.
 Only the first four years were available. Graph represents fiscal year 2005/2006

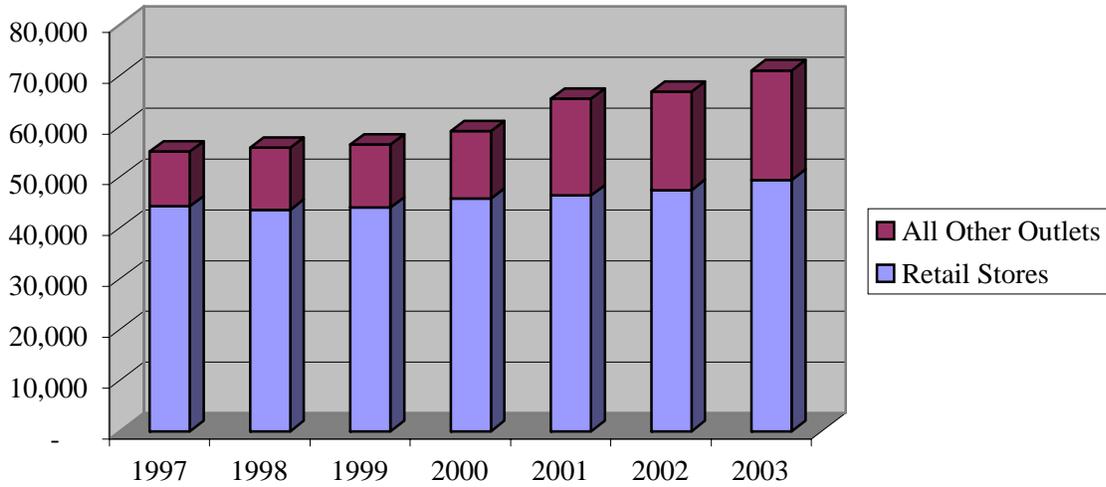


SOURCE: City of Wasco Audited Financial Statements

City of Wasco
Summary of Taxable Sales
 Last ten fiscal years
 (in thousands)
 (Unaudited)
 Table-5

Sales	1997	1998	1999	2000	2001	2002	2003	2004
Retail Stores	44,219	43,577	43,980	45,761	46,363	47,440	49,458	50,865
All Other Outlets	10,813	12,233	12,402	13,251	19,063	19,326	21,530	24,676
Total All Outlets	55,032	55,810	56,382	59,012	65,426	66,766	70,988	75,541

*This schedule is intended to ultimately cover 10 years worth of data.
 Only eight years were available. Graph represents fiscal year 2004/2005



SOURCE: State Board of Equalization

Wasco Redevelopment Agency

Governmental Activities

Year Ending June 30	Tax Allocation Bonds		Revenue Bonds		Other Long-Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 140,000	\$ 134,200	\$ 25,000	\$ 37,800	\$ -	\$ -
2008	150,000	126,225	25,000	35,800	-	-
2009	155,000	117,838	30,000	33,600	-	-
2010	165,000	109,038	30,000	31,200		
2011	185,000	99,413	30,000	28,800		
2012-2016	1,155,000	321,888	180,000	105,200	342,000	101,065
2017-2021	600,795	31,350	162,800	20,600	-	-
Total	\$ 2,550,795	\$ 939,952	\$ 482,800	\$ 293,000	\$ 342,000	\$ 101,065

Wasco Valley Golf Course

Business-Type Activities

Year Ending June 30	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2007	\$ 530,000	\$ 770,198	\$ 282,812	\$ 103,000
2008	375,000	749,938	257,732	94,984
2009	405,000	727,100	247,469	87,840
2010	465,000	701,785	253,970	81,338
2011	300,000	671,075	260,642	74,667
2012-2016	3,445,000	2,776,100	1,409,595	266,951
2017-2021	4,150,000	724,625	1,177,553	75,524
Total	\$ 9,670,000	\$ 7,120,821	\$ 3,889,773	\$ 784,304

Wasco Public Finance Authority

Assessment Districts	Special Assessments Outstanding	Outstanding Bond Debt Service
89-1 Barker	\$ 505,262	\$ 625,750
89-2 Tract 5071	558,660	530,500
89-3 Tract 4644	297,099	522,938
91-1 Barnhard	494,521	575,625
91-2A Summerfield	554,369	487,375
91-2B Summerfield	110,034	145,750
92-1 Industrial Park	3,240,925	3,240,925
93-1 Southside - Childress	1,652,072	1,612,750
Total	\$ 7,412,942	\$ 7,741,613

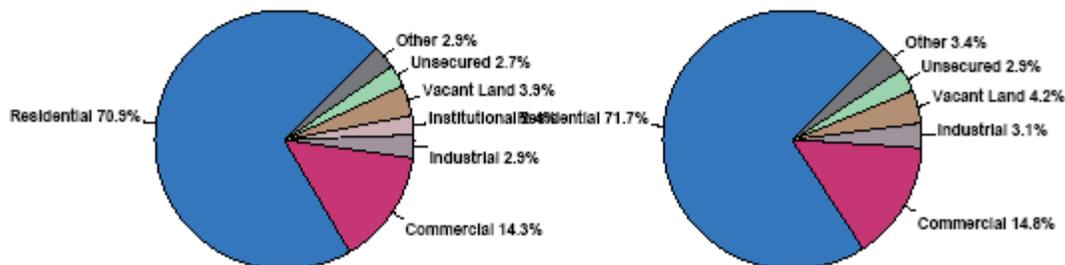
Table-6

**THE CITY OF WASCO
USE CATEGORY SUMMARY, 2005/06**

<i>BASIC PROPERTY VALUE TABLE</i>			
CATEGORY	PARCELS	ASSESSED VALUE	NET TAXABLE VALUE
Residential	3,599	\$ 298,939,627 70.9%	\$ 280,722,875 71.7%
Commercial	203	\$ 60,134,366 14.3%	\$ 57,792,213 14.8%
Industrial	54	\$ 12,081,256 2.9%	\$ 12,081,256 3.1%
Irrigated	29	\$ 4,295,998 1.0%	\$ 4,295,998 1.1%
Recreational	3	\$ 73,156 0.0%	\$ 73,156 0.0%
Institutional	55	\$ 10,251,161 2.4%	\$ 1,021,428 0.3%
Government	26	\$ 261,540 0.1%	\$ 261,540 0.1%
Miscellaneous	5	\$ 6,149,867 1.5%	\$ 6,149,867 1.6%
Vacant Land	407	\$ 16,336,126 3.9%	\$ 16,306,526 4.2%
Exempt	121	\$ 49,384 0.0%	\$ 0 0.0%
SBE Nonunitary	[49]	\$ 1,304,504 0.3%	\$ 1,304,504 0.3%
Unsecured	[260]	\$ 11,429,075 2.7%	\$ 11,429,075 2.9%
Unknown	1	\$ 72,751 0.0%	\$ 72,751 0.0%
TOTALS	4,503	\$ 421,378,811	\$ 391,511,189

ASSESSED VALUE

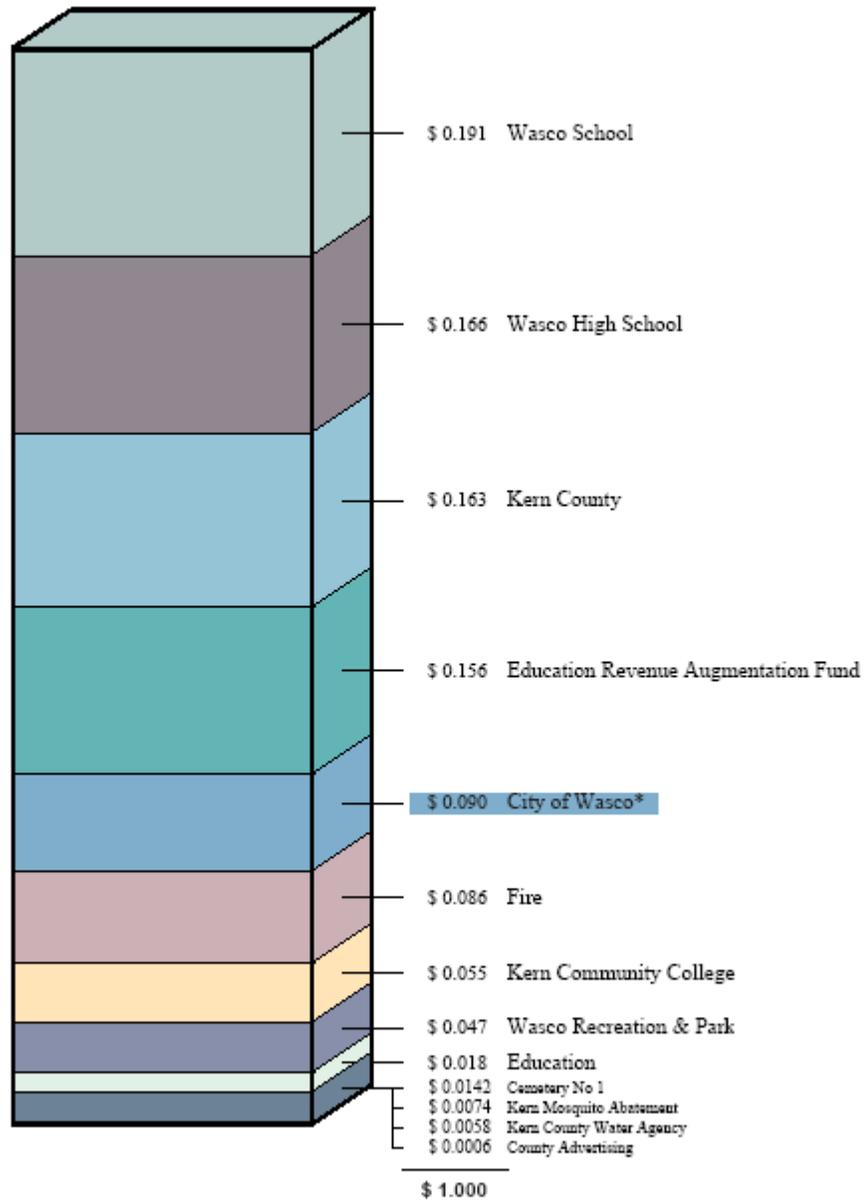
NET TAXABLE VALUE



Source: HdL Coren & Coren, Kern County Assessor 2005/2006 Combined Tax

Table- 7

THE CITY OF WASCO PROPERTY TAX DOLLAR BREAKDOWN



Source: HdL Coren & Coren, Kern County Assessor 2005/2006 Annual Tax Increment Tables

Table- 8

THE CITY OF WASCO
2005/06 CITY ROLL SUMMARY
 Taxable Property Values

	Secured Taxable	Nonunitary Utilities	Unsecured Roll
Parcels	4,382	49	260
TRAs	37	11	14
Values			
Land	\$ 96,782,392	\$ 1,014,175	\$ 131,210
Improvements	\$ 294,219,280	\$ 190,779	\$ 1,005,543
Personal Property	\$ 5,309,707	\$ 99,550	\$ 6,451,257
Fixtures	\$ 12,284,469	\$ 0	\$ 3,841,065
Aircraft*		\$ 0	\$ 0
Total Value*	\$ 408,595,848	\$ 1,304,504	\$ 11,429,075
Exemptions			
Real Estate	\$ 29,818,238	\$ 0	\$ 0
Personal Property	\$ 0	\$ 0	
Fixtures	\$ 0	\$ 0	
Aircraft*		\$ 0	\$ 0
Homeowners*	\$ 12,904,070	\$ 0	\$ 0
Total Exemptions*	\$ 29,818,238	\$ 0	\$ 0
Total Net Value*	\$ 378,777,610	\$ 1,304,504	\$ 11,429,075

Combined Values*	Total
Total Values	\$ 421,329,427
Total Exemptions	\$ 29,818,238
Net Total Values	\$ 391,511,189
Net Aircraft Values	\$ 0

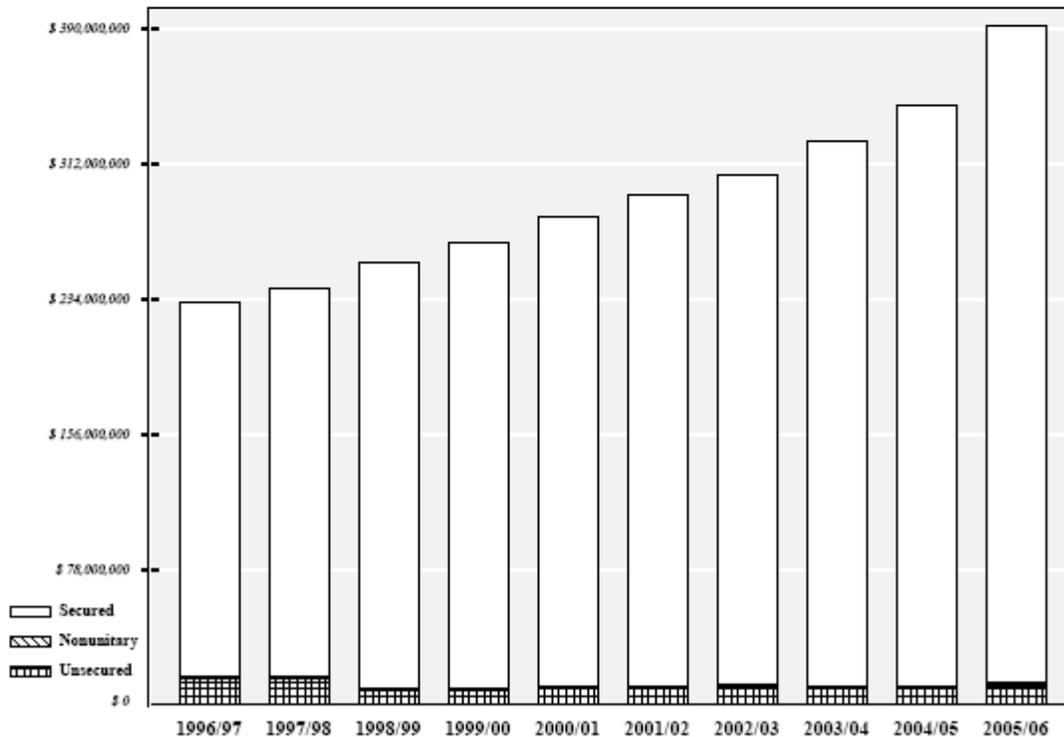
Source: HdL Coren & Coren, Kern County Assessor 2005/2006 Combined Tax Rolls

Table-9

**THE CITY OF WASCO
NET TAXABLE ASSESSED VALUES - TEN YEAR HISTORY**

Lien Year:	1996/97	1997/98	1998/99	1999/00	2000/01
Secured	\$ 215,601,814	\$ 223,016,985	\$ 246,212,885	\$ 256,908,146	\$ 270,551,025
Nonunitary	\$ 1,076,805	\$ 1,111,938	\$ 1,286,647	\$ 1,305,300	\$ 1,318,784
Unsecured	\$ 16,003,050	\$ 15,643,106	\$ 8,050,447	\$ 8,683,880	\$ 9,798,540
Net Total AV	\$ 232,681,669	\$ 239,772,029	\$ 255,549,979	\$ 266,897,326	\$ 281,668,349

Lien Year:	2001/02	2002/03	2003/04	2004/05	2005/06
Secured	\$ 282,944,069	\$ 293,898,582	\$ 314,350,609	\$ 335,710,440	\$ 378,777,610
Nonunitary	\$ 1,504,099	\$ 1,438,835	\$ 1,320,345	\$ 1,294,490	\$ 1,304,504
Unsecured	\$ 9,865,801	\$ 10,411,744	\$ 9,532,897	\$ 9,223,450	\$ 11,429,075
Net Total AV	\$ 294,313,969	\$ 305,749,161	\$ 325,203,851	\$ 346,228,380	\$ 391,511,189



Source: HdL Coren & Coren, Kern County Assessor Combined Tax Rolls

Table -10

THE CITY OF WASCO
2005/06 TOP TEN PROPERTY OWNERS
 Top Property Owners Based On Gross Assessed Values

Owner	Secured		Unsecured		Combined		Primary Use & Primary Agency
	Parcels	Value	Parcels	Value	Value	Portion Of City	
1) Centis USA LLC	12	\$ 13,607,638			\$ 13,607,638	3.32%	Commercial WASCO RDA
2) Savage Industries Inc.	1	\$ 6,145,931	1	\$ 2,096,159	\$ 8,242,090	1.96%	Miscellaneous WASCO RDA
3) Sarno Sarno Test Trust	3	\$ 6,268,000			\$ 6,268,000	1.49%	Commercial GENERAL TAX DISTRICT
4) Triple H Processing Company	3	\$ 5,897,312			\$ 5,897,312	1.40%	Industrial WASCO RDA
5) Wasco Arms Apartments	1	\$ 5,216,096			\$ 5,216,096	1.24%	Residential GENERAL TAX DISTRICT
6) Delmar Asscs Limited Partnership	1	\$ 4,800,000			\$ 4,800,000	1.14%	Commercial GENERAL TAX DISTRICT
7) Villa Hemosa Partners	1	\$ 4,282,831			\$ 4,282,831	1.02%	Residential GENERAL TAX DISTRICT
8) Sunrise Villa Partners	1	\$ 3,883,018			\$ 3,883,018	0.92%	Residential GENERAL TAX DISTRICT
9) Almond Court Partners	1	\$ 2,715,118			\$ 2,715,118	0.64%	Residential GENERAL TAX DISTRICT
10) National Health Services Inc.	2	\$ 2,526,573			\$ 2,526,573	0.60%	Institutional WASCO RDA
Top Ten Totals	26	\$ 55,342,517	1	\$ 2,096,159	\$ 57,438,676	13.63%	
City Totals		\$ 409,949,736		\$ 11,429,075	\$ 421,378,811		

Source: HdL Coren & Coren, Kern County Assessor 2005/06 Combined Tax Rolls
 This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Coren.

Table- 11

**THE CITY OF WASCO
2005/06 TOP TEN PROPERTY TAXPAYERS**

Owner	Secured	Unsecured	Combined	Primary Use & Primary Agency
	Parcels Revenue	Parcels Revenue	Revenue	
	Portion of City	Portion of City	Portion of City	
1) Cents USA LLC	12 \$ 102,343.49 \$ 98,443.45	8.83% 8.32%	\$ 102,343.49 \$ 98,443.45	8.84% 8.33% Commercial WASCO RDA
2) Savage Industries Inc.	1 \$ 48,282.90 \$ 43,818.13	3.99% 3.78%	\$ 44,304.71 \$ 38,541.88	3.83% 3.33% Miscellaneous WASCO RDA
3) Triple H Processing Company	1 \$ 43,034.16 \$ 40,477.18	3.71% 3.49%	\$ 43,034.16 \$ 40,477.18	3.72% 3.50% Industrial WASCO RDA
4) Lotus Development Limited Partnership	3 \$ 15,610.89 \$ 14,886.04	1.35% 1.28%	\$ 15,610.89 \$ 14,886.04	1.35% 1.28% Vacant Land WASCO RDA
5) Sarno Sarno Test Trust	3 \$ 7,874.55 \$ 0.00	0.68% 0.00%	\$ 7,874.55 \$ 0.00	0.68% 0.00% Commercial GENERAL TAX DISTRICT
6) Cluon Corporation	5 \$ 6,562.11 \$ 4,947.41	0.57% 0.43%	\$ 6,562.11 \$ 4,947.41	0.57% 0.43% Residential WASCO RDA
7) Lowe Bros. Hay Service Inc.	8 \$ 5,764.88 \$ 5,446.33	0.50% 0.47%	\$ 5,764.88 \$ 5,446.33	0.50% 0.47% Industrial WASCO RDA
8) Kashmir K. & Bahadar S. Shergill	1 \$ 5,186.00 \$ 4,888.53	0.45% 0.42%	\$ 5,186.00 \$ 4,888.53	0.45% 0.42% Vacant Land WASCO RDA
9) Terry L. Schuler	1 \$ 4,972.35 \$ 4,878.80	0.43% 0.40%	\$ 4,972.35 \$ 4,878.80	0.43% 0.40% Industrial WASCO RDA
10) Gregorio & Maria Rivera	8 \$ 4,961.43 \$ 4,651.88	0.43% 0.40%	\$ 4,961.43 \$ 4,651.88	0.43% 0.40% Residential WASCO RDA
Top Ten Totals	45 \$ 242,592.55 \$ 220,023.85	20.93% 18.98%	\$ 240,614.36 \$ 214,947.39	20.78% 18.58%
City Totals	\$ 1,159,266.42 \$ 834,257.76		\$ 1,157,878.96 \$ 818,047.72	

Source: HdL Coren & Coren, Kern County Assessor 2005/2006 Combined Tax Rolls

Table- 12

**THE CITY OF WASCO
2005 TOP PROPERTY TAXPAYERS**

Owner (Number of Parcels)	Assessed Value	Est. Total Revenue	Est. RDA 1% Revenue
1 Certis USA LLC (12)	\$ 13,607,638	\$ 102,343.49	\$ 96,443.45
2 Savage Industries Inc. (2)	\$ 8,242,090	\$ 44,304.71	\$ 38,541.68
3 Triple H Processing Company (3)	\$ 5,897,312	\$ 43,034.16	\$ 40,477.18
4 Lotus Development Limited Partnership (3)	\$ 1,644,549	\$ 15,610.69	\$ 14,865.04
5 Sarno Sarno Test Trust (3)	\$ 6,268,000	\$ 7,874.55	\$ 0.00
6 Claron Corporation (5)	\$ 1,759,446	\$ 6,562.11	\$ 4,947.41
7 Lowe Bros. Hay Service Inc. (8)	\$ 737,007	\$ 5,764.88	\$ 5,445.33
8 Kashmir K. & Bahadar S. Shergill (1)	\$ 663,000	\$ 5,186.00	\$ 4,898.53
9 Terry L. Schuler (1)	\$ 681,400	\$ 4,972.35	\$ 4,676.90
10 Gregorio & Maria Rivera (8)	\$ 675,647	\$ 4,961.43	\$ 4,651.88
11 Mary Kathleen Howard Trust (2)	\$ 639,528	\$ 4,816.07	\$ 4,538.78
12 FH Lee Management Systems Limited Partnership (5)	\$ 730,531	\$ 4,800.29	\$ 4,391.61
13 Jin H. & Kay K. Bae (2)	\$ 617,742	\$ 4,727.10	\$ 4,459.26
14 Juan M. & Graciela Yerena (9)	\$ 683,427	\$ 4,523.24	\$ 4,144.60
15 Richard D. & Cheryl L. Woody (6)	\$ 710,442	\$ 4,451.59	\$ 4,025.74
16 Jesse M. Zapata (25)	\$ 1,984,033	\$ 4,418.39	\$ 2,816.92
17 Delmar Asscs Limited Partnership (1)	\$ 4,800,000	\$ 4,322.93	\$ 0.00
18 Western AG Investment Inc. (15)	\$ 565,677	\$ 4,237.81	\$ 3,992.54
19 West Family Trust (2)	\$ 619,321	\$ 4,221.39	\$ 3,952.86
20 Juan & Estela Lozano Trust (7)	\$ 581,380	\$ 4,162.91	\$ 3,882.61
21 Tony I. Lee Trust (2)	\$ 501,555	\$ 3,777.04	\$ 3,559.57
22 Jeffries Bros. Inc. (1)	\$ 496,352	\$ 3,622.00	\$ 3,406.79
23 Dolacki Family Trust (7)	\$ 632,774	\$ 3,547.41	\$ 3,104.01
24 Howard Hay Company Inc. (3)	\$ 477,469	\$ 3,484.21	\$ 3,277.19
25 Maria E. Paz Ochoa (5)	\$ 606,224	\$ 3,484.13	\$ 3,079.51

The 'Est. Total Revenue' for each owner is the estimated revenue for that owner; the 'Est. RDA 1% Revenue' estimates the revenue apportioned as 1% increment. Although these estimated calculations are performed on a parcel level, county auditor/controllers' offices neither calculate nor apportion revenues at a parcel level.

Source: HdL Coren & Coren, Kern County Assessor 2005/2006 Combined Tax Rolls

Table-13

**THE CITY OF WASCO
DIRECT & OVERLAPPING PROPERTY TAX RATES
(RATE PER \$100 OF TAXABLE VALUE)**

1 Year Detail of Rates producing Revenue for City and Associated Redevelopment Agencies			
City General Fund Direct Rates		RDA Incremental Rate	Total Direct Rate
Roll/Year	City Share of 1% Levy Per Prop 13	Debt Rate(s)	Prop. 13 1% + applicable voter approved debt
2005	0.09005%	0.00000%	1.000000%
Total City Rates		0.09005%	0.29512%
1 Year Detail of all Taxpayer Rates for Largest General Fund Tax Rate Area 007-006 (direct rate agencies in bold)			
Agency	2005		
City Of Wasco	0.06008		
Camelot No 1	0.07422		
County Advertising	0.00058		
Education	0.07893		
Education Revenue Augmentation Fund	0.15908		
Fire	0.06908		
Kern Community College	0.05570		
Kern County	0.16272		
Kern County Water Agency	0.00585		
Kern Mosquito Abatement	0.00735		
Wasco High School	0.16554		
Wasco Recreation & Park	0.04703		
Wasco School	0.19129		
Total Prop. 13 Rate	1.00000		
Kcod SRA #1	0.00698		
Shafter-Wasco Irrigation Dist	0.31250		
Wasco Union 2007A	0.03498		
Total Voter Approved Rate	0.39898		
Total Tax Rate	1.36898		

Table- 14

THE CITY OF WASCO
ASSESSED VALUE OF TAXABLE PROPERTY
 1996/97 - 2005/06 Taxable Property Values

Category	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Residential	160,072,982	168,706,251	179,425,200	187,208,106	197,340,887	208,580,782	215,040,047	241,680,008	250,204,513	280,722,875
Commercial	20,000,238	28,481,802	28,904,596	30,100,437	34,755,419	36,380,205	51,883,848	51,084,016	52,289,023	57,792,213
Industrial	13,277,316	13,008,619	24,515,700	25,541,002	24,427,803	24,863,523	12,852,705	4,805,247	8,811,000	12,081,258
Government	86,474	182,817	228,415	308,440	278,282	283,820	289,490	301,155	300,791	301,240
Institutional	519,884	532,412	424,596	470,235	500,436	502,077	648,702	1,220,378	1,284,508	1,021,428
Impaved	3,024,075	3,704,682	3,080,732	3,405,600	3,443,880	3,102,012	3,250,885	3,450,730	3,550,245	4,205,005
Miscellaneous	3,920	3,920	3,920	3,920	3,920	3,920	3,920	8,200,076	8,208,783	6,160,807
Recreational	84,283	85,928	87,525	88,074	71,711	73,000	74,472	74,920	74,023	73,158
Vacant Land	8,142,026	8,310,238	8,190,035	8,625,317	9,428,821	9,008,000	9,070,191	8,810,000	11,025,571	10,308,526
88E Nonresidential	1,078,885	1,111,238	1,288,647	1,305,300	1,318,784	1,504,000	1,428,835	1,320,245	1,294,690	1,304,504
Uninsured	16,000,050	15,043,106	8,050,447	8,683,880	9,728,540	9,845,801	10,411,744	9,500,145	9,223,450	11,420,075
Exempt					(1,744)	(25,231)	(9,19,871)	(298,282)	(9,19,675)	(80,284)
Unknown						87,300	68,848	71,418	71,225	72,751
TOTAL	232,881,888	239,772,029	255,540,870	266,807,206	281,488,240	294,313,800	305,744,161	320,033,014	340,228,280	391,571,188
Total Direct Rate	0.41023%	0.41738%	0.27750%	0.28390%	0.27280%	0.27420%	0.28600%	0.24500%	0.25555%	0.28072%

Source: HdL Coren & Coren, Kern County Assessor 2005-06 Combined Tax Rolls

City of Wasco
Building Permits Value
& Unemployment Rate
(in thousands)
(Unaudited)
Table-15

Fiscal Year	Number of permits (1)	Value (1)
2000-2001	409	10,706,142
2001-2002	444	14,845,700
2002-2003	291	10,071,462
2003-2004	548	19,342,368
2004-2005	596	25,247,313

*This schedule is intended to ultimately cover 10 years worth of data.
Only eight years were available. Graph represents fiscal year 2004/2005



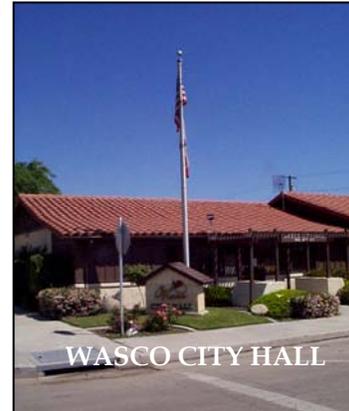
SOURCE: Building Department & California Employment Development Department

City of Wasco
Miscellaneous Statistics
June 30, 2006
(Unaudited)
Table-16

Year of Incorporation : 1945

Form of government:

The City of Wasco has a Council-Manager form of government where voters elect a five member City Council to four-year overlapping terms. The City Council selects one of it's members to serve as Mayor and appoints a City Manager to conduct the day-to-day business of the City.



POPULATION



Calendar Year	1998	1999	2000	2001	2002	2003
Population	20,143	20,267	20,326	21,263	21,950	22,267
Calendar Year	2004	2005	2006			
Population	22,858	23,708	24,288			

- Miles of Streets:** 64 miles of streets
- Miles of Storm drains and sewers:** 15.98 miles of storm drains, 49.55 miles of sanitary sewers
- Signalized Intersections:** 2
- Business licenses:** 890 issued
- Business tax registrations:** 1,196
- Fire Protection:** 1 Station, 3 shifts, 3 people per shift
- Parks & Recreation:**
 - 4 parks totaling 38.08 acres
 - 1 municipal swimming pool
 - 1 community facility
 - 1 municipal golf complex, including regulation 18 holes(155 acres)
 - 2 ballfields
 - 1 Skatepark
- Libraries:** 1 Kern County Library, Wasco Branch

Employees:

Fical Year	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
City of Wasco Employees	38	44	44.5	49	50	52
Employees/Population	530	461	457	434	439	433
Fical Year	2004-05	2005-06				
City of Wasco Employees	61	79.5				
Employees/Population	398	306				

City of



INCORPORATED 1945