

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2007**





INCORPORATED 1945

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE CITY OF WASCO, CA



Fiscal Year Ended June 30, 2007

Prepared by:

Finance Director
Jim Zervis

COMPREHENSIVE ANNUAL FINANCIAL REPORT



INCORPORATED 1945



**City of Wasco
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2007**

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INCORPORATED 1945



December 31, 2007

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, 2007. 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, 2007.

The Finance Department has prepared this report in accordance with the generally accepted accounting principles. Therefore, the management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that 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.

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, 2007. 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 9.7 square miles and serves a population of 24,156 of which includes approximately 6,122 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 attorney and manager, who in turn appoints the heads of various departments. Council members serve four-year overlapping terms, with three council members elected every two years and two council members elected during the alternating two years. The Council selects one of its members to serve as mayor each year.

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

The Council is required to adopt a final budget no later than the close of the prior fiscal year. This annual budget serves as the foundation for the City of Wasco's financial planning and control. The budget is prepared by fund, function (e.g., general fund), and department (e.g., police). 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 2006-2007 Wasco's 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 4.47% for fiscal year 2006-2007.

This is slightly higher than the 4.0% residential growth rate experienced in the last fiscal year.

The City has also been active in providing affordable housing units. Four years ago the Council approved the formation of the Housing and Community Programs Division. This division is designed to assist low and moderate single home owners rehabilitate and improve their home with deferred low interest loans. To accomplish this objective the city applied for and has been awarded over \$6.6 million in housing rehabilitation grants from various organizations such as the Community Development Block Grant, CalHome, Home, and CalFHA. The department has rehabilitated over 70 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 initiate the development of a new rail oriented industrial park and to proactively conduct the necessary Economic Impact Report for the park. Several logistical and industrial businesses have shown interest in the new park including two ethanol production plants that have begun the planning application process. 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. Wasco is also home a substantial portion of the nation's rose production and is universally known as the "Rose Capital of the Nation". Every year, thousands of visitors come to the Wasco Rose Festival held in September to view the hundred of acres of roses in full radiant bloom.

Factors affecting Long-term financial planning

In fiscal year 2006-2007 the City's General Fund had expenditures exceeding revenues in the amount of (\$864,903) reducing the City's general fund balance from \$1,577,650 to \$712,747. This annual deficit is 180,489 better than the budgeted deficit from the midyear budget report of (\$1,028,201). The deficit includes a growth in expenditures over the prior year of \$788,595 that can be mainly attributed to the \$622,630 increased cost of the Kern County Sheriff contract and \$316,675 for work on the Environmental Impact Report for the proposed Rose City Industrial Park. Other contributing factors to the deficit include the increased staffing levels over prior years and pay equity adjustments granted in the current Union MOU.

With this deficit spending 2006/2007 the City's general fund balance is at its lowest point in the past four years and does not adequately protect the City against economic downturns or normal cycles in cash flow. To address this problem in 2007/2008 the City Council made it a priority to adopt a balanced budget and proactively include a plan to,

over the next five years, bring the general fund balance to a minimum of 15% of general fund operating revenues or two months of general fund operating expenses, roughly \$1,510,050. It is important that the City continue on this track to improve the fund balance levels and reduce general fund expenditures where possible.

In fiscal year 2004-2005 the City was successful in locating 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 development was subject to defaulted bonds and various law suits all of which were resolved in the final sale. 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 went into default. The sale of Valley Rose Estates and Valley Rose Golf Course closed in August 2006 and in December of 2006 the City received a full satisfaction of judgment regarding the defaulted bonds. This sale of assets and elimination of bond debt has helped improve the financial position of the City by eliminating an enterprise fund deficit of (\$8,945,038) and \$13,779,602 in principal and interest from defaulted capital lease debt bonds.

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. Substantial construction progress has been made during 2006-07 and the project is expected to be completed in fiscal year 2007-08.

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 estimating the City would double in population within 5 years. As with other central valley cities was has seen a substantial slowdown in residential construction beginning in June 2007. Wasco continues to be one of the more affordable housing markets in the local area. Given this it is estimated that all current housing tracks will continue to completion but it will take

longer than expected. This slow down in residential development will reduce related city revenue sources over the next few fiscal years.

In 2007 the City applied for a \$3,600,000 grant from the BEGIN program for first time home buyer assistance. Tentative approval has been granted on this program. If final approval is obtained, this grant will provide down payment assistance for first time home buyers in specific new housing developments. The BEGIN program is one additional way the City of Wasco will continue to stimulate new residential development.

Also discussed above is Wasco's commitment to the development of a new rail served industrial park. In 2006/2007 the city funded the necessary environmental impact reports to proceed with the development of the park and the application for annexation of the land in the proposed park. The city is working closely with prospective business in the development of the park including a national ethanol production company who is currently planning a production plant in the new park. In addition this company is working with the City in the application for a \$1,400,000 Community Development Block Grant (CDBG) Over The Counter Grant that will be used to fund the construction of the public rail spur that will serve the industrial park. The ultimate construction on the new industrial park will generate a new base of jobs and tax revenue to support the City.

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 5.121% for fiscal year ended on June 30 2007. Additionally the City of Wasco invested \$1,500,000 into an account with Merrill Lynch. At June 30, 2007 this account was valued at \$1,607,836. 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 18.845%. 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

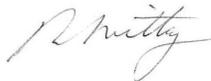
The City of Wasco believes that our current Comprehensive Annual Financial Report (CAFR) meets the program requirements to receive the Government Finance Officers Association (GFOA) and the California Society of Finance Officers (CSMFO) Certificate of Achievement for Excellence in Financial Reporting, and the City will be submitting the 2006-2007 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 2005-2006. This is the third 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 2006-2007, which constitutes receipt of the award for 6 consecutive years.

The preparation of this report would not have been possible without the efficient and dedicated service of the Finance Department. 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



Ron Mittag
City Manager



Jim Zervis
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, 2006. This was the 3rd consecutive year that the City of Wasco has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Presented to

**City of Wasco
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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.

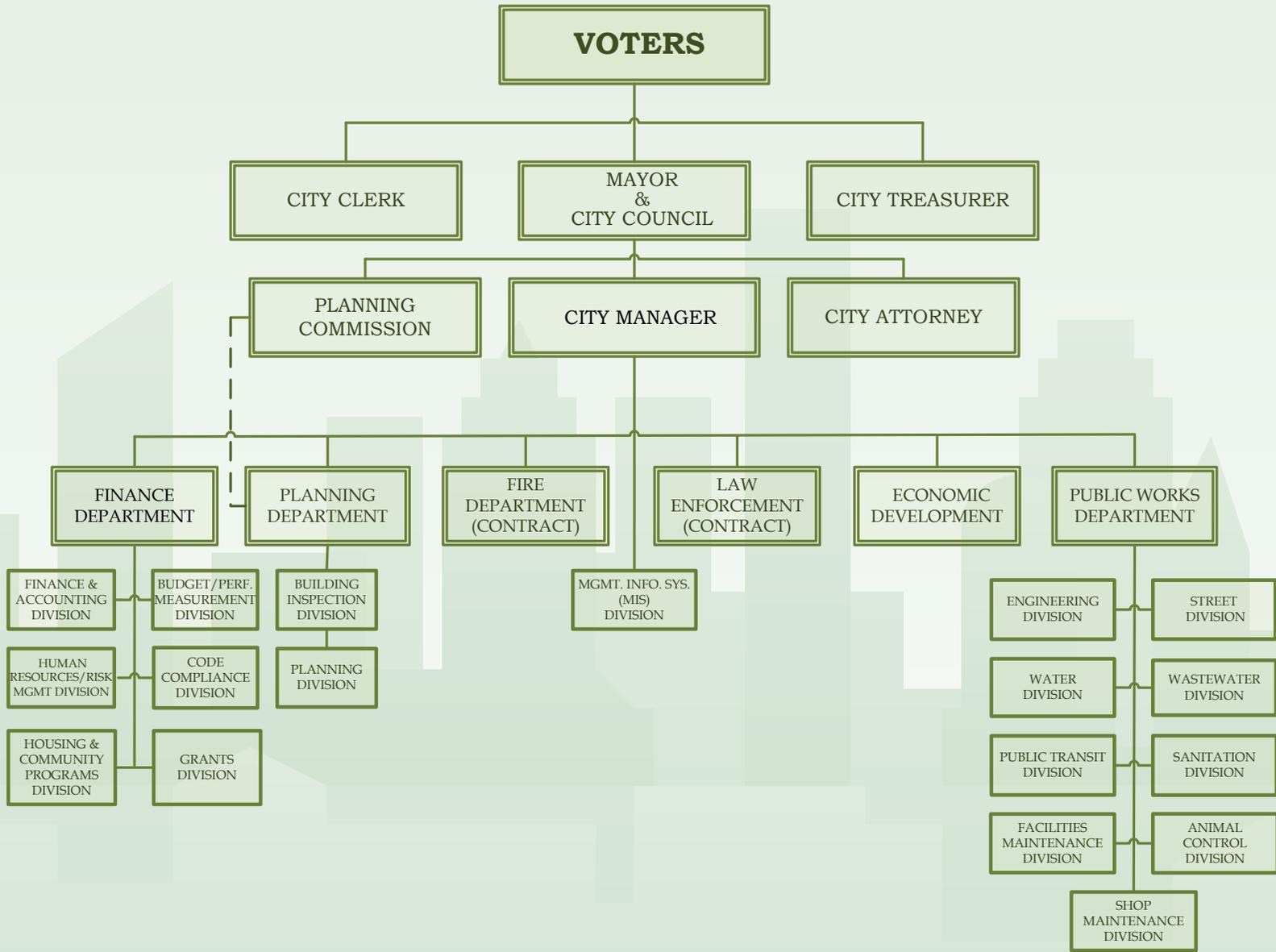


President

Executive Director



CITY OF WASCO
Organizational Chart
Fiscal Year 2007 / 2008





CITY OF WASCO
Elected Officials & Staff
Fiscal Year 2007 / 2008

CITY COUNCIL



JOE HIVELY
Council Member



CHERYL WEGMAN
Council Memeber



DANNY ESPITIA
MAYOR



TILO CORTEZ
Mayor Pro Tem



FRED WEST, JR.
Council Member

CITY CLERK



VICKY HIGHT
City Clerk

PLANNING COMMISSION



CHARLES SANTILLAN
Chair



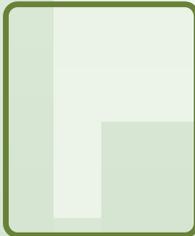
JILL DRESCHER
Vice-Chair



STACEY LOPEZ
Planning Secretary



ROCIO MOSQUEDA
Treasurer



DWAYNE HUTSON
Commissioner



JIM FORREST
Commissioner



PATRICIA PELAYO
ARREDONDO
Commissioner

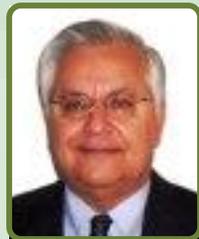


DAVE GERMAN
Commissioner



VETRICE MITCHELL
Commissioner

ADMINISTRATIVE STAFF



RON MITTAG
City Manager



BONIFACIO GARCIA
City Attorney



COMDR. JOSEPH PILKINGTON
N. Kern Division K.C.S.O.



DANIEL ALLEN
Public Works Director



JAMES ZERVIS
Finance Director



JAKE RAPER
Planning Director



SGT. MATT LEE
Wasco Police Services



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, 2007, 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, 2007, 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 September 14, 2007, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

AGRI-BUSINESS CENTER

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TRUXTUN PLAZA

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The management's discussion and analysis, schedule of pension funding progress, and budgetary comparison information as listed in the required supplementary information section of the accompanying table of contents 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, the combining and individual non-major fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and schedules 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 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
September 14, 2007

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, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 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 \$32,526,084. Of this amount, \$7,408,359 may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental Activity unrestricted net assets is \$5,635,602 and Business-Type Activities unrestricted net assets is \$1,772,757.
- The final sale of Wasco Valley Rose Golf Course eliminated a June 30, 2006 negative enterprise fund balance of (\$8,945,038) and \$13,779,602 in principal and interest from defaulted capital lease debt bonds on the Wasco Valley Rose Golf Course (see Notes 9).
- The government's total net assets increased by \$11,779,376. Approximately a 76 percent of this increase is attributable to the sale of Wasco Valley Rose Golf Course as noted above, 24 percent of the increase was caused by an increase in non-current assets.
- As of the close of the current fiscal year, the City of Wasco's governmental funds reported a combined ending fund balances of \$9,025,259, a small increase of \$31,058. There was however a shift within the governmental funds to net the small increase. The General Fund had an ending fund balance of \$712,747 which was 55 percent lower than the previous year end while the Street Fund and Other Non-Major Governmental Funds had a combined fund balance of \$4,939,005, an increase of almost 23 percent.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$113,736 or 2 percent of total general fund expenditures.
- The City of Wasco's total long-term liabilities decreased by \$9,122,773 (54 percent) during the current fiscal year. \$8,860,000 (97 percent) of the total decrease was due to the sale of Wasco Valley Rose Golf Course and settlement of the related bonds. The balance of the decrease was caused by normal debt payments new of \$668,929 less new debt incurred of \$406,156.

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 26-27 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-nine 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 twenty five 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 28-31 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 32-34 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 35 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 36-60 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Wasco's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 61 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 65-100 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 \$32,526,084 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	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$10,872,945	\$10,644,152	\$5,471,037	\$6,563,153	\$16,343,982	\$17,207,305
Capital assets	10,429,206	9,920,572	16,095,507	17,555,477	26,524,713	27,476,049
Total assets	21,302,151	20,564,724	21,566,544	24,118,630	42,868,695	44,683,354
Long-term liabilities outstanding	3,176,770	3,238,139	3,974,154	12,772,341	7,150,924	16,010,480
Other Liabilities	2,168,768	1,855,985	1,022,919	6,070,181	3,191,687	7,926,166
Total Liabilities	5,345,538	5,094,124	4,997,073	18,842,522	10,342,611	23,936,646
Net assets:						
Invested in capita assets, net						
of related debt	10,321,011	9,920,572	11,672,049	3,995,704	21,993,060	13,916,276
Restricted	-	-	3,124,665	3,408,935	3,124,665	3,408,935
Unrestricted	5,635,602	5,550,028	1,772,757	(2,128,531)	7,408,359	3,421,497
Total net assets	\$15,956,613	\$15,470,600	\$16,569,471	\$5,276,108	\$32,526,084	\$20,746,708

An additional portion of the City of Wasco's net assets, \$3,124,665 or 10 percent of net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net \$7,408,359 may be used to meet the government's ongoing obligations to citizens and creditors (see Note 9).

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, as well as for its separate governmental and business-type activities. In the prior year 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 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 was received in December 2006 which eliminated this negative balance.

The government's net assets increased by \$11,779,376 or 56 percent during the current fiscal year. About three fourths of this increase was a result of the sale of Wasco Valley Rose Golf Course and final settlement on the related bonds. Approximately one fourth is attributable to a one-time infusion of resources from the use of restricted impact fees for the design phase of the expansion to the wastewater treatment plant. The remainder of this growth reflects rate increases, increase in operating grants, and investment earnings.

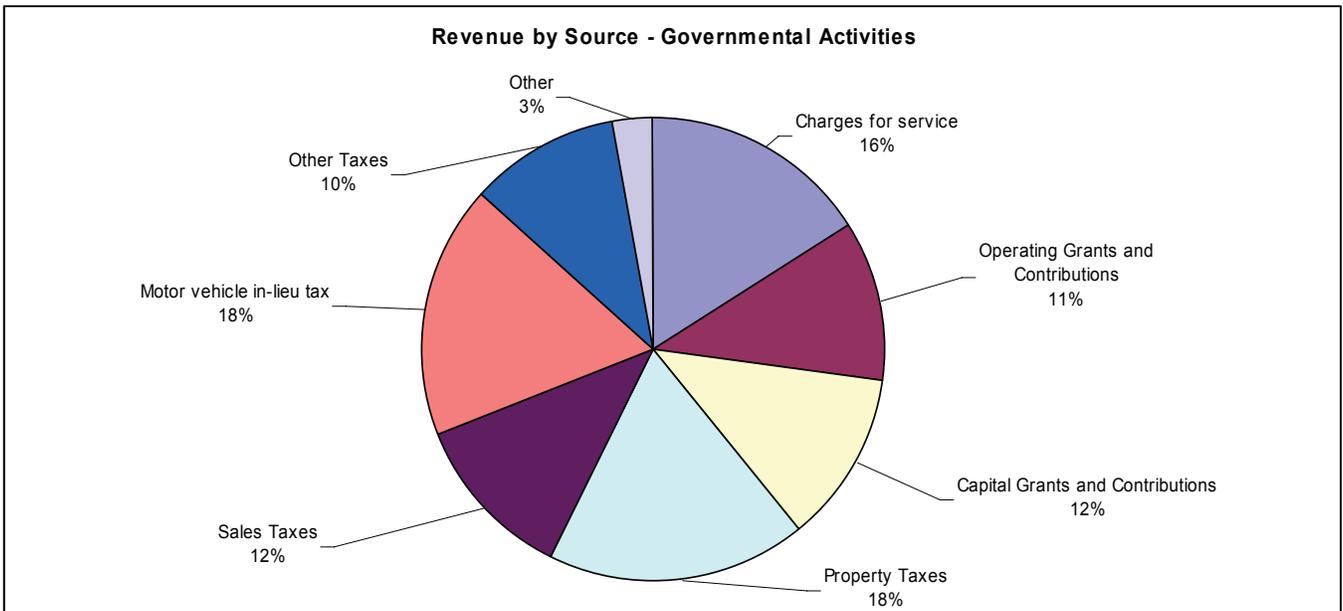
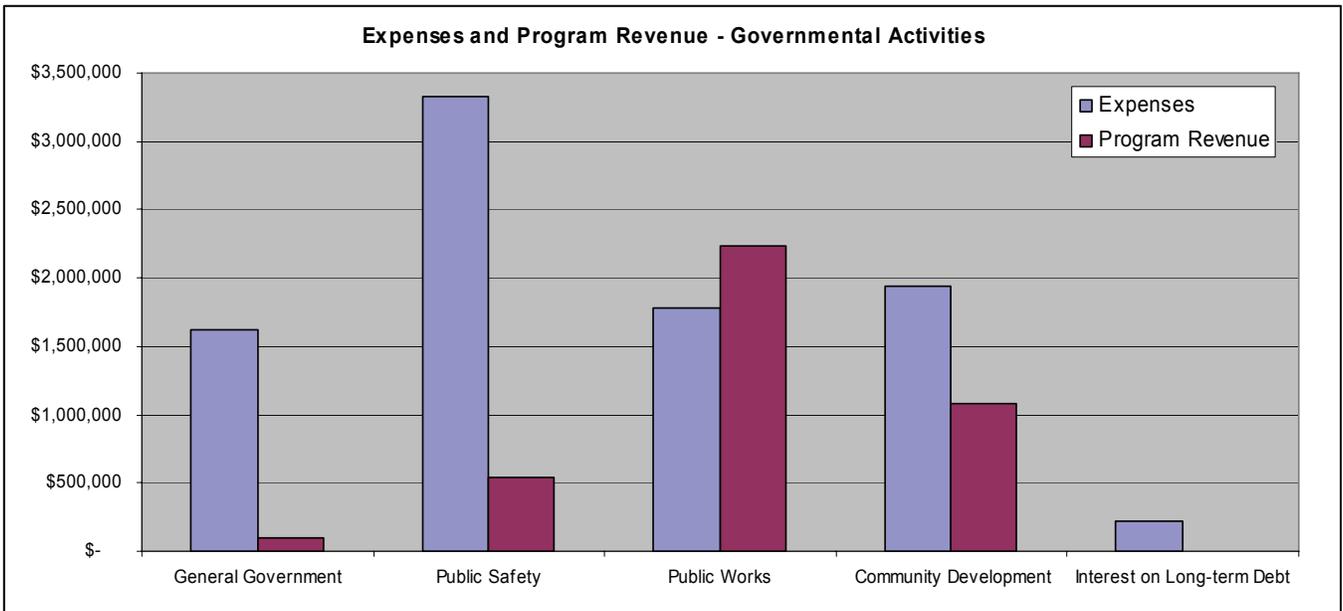
Governmental activities. Governmental activities increased the City of Wasco's net assets by \$486,013 or 4 percent of the total growth in the net assets of the City of Wasco. Key elements of this increase are as follows;

City of Wasco's Changes in Net Assets

	Governmental Activities		Business - Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenue:						
Program revenue:						
Charges for services	\$ 1,631,787	\$ 1,200,263	\$ 6,548,040	\$ 5,988,109	\$ 8,179,827	\$ 7,188,372
Operating Grants and contributions	1,121,182	377,824	-	24,631	1,121,182	402,455
Capital grants and contributions	1,211,349	1,545,108	31,000	175,340	1,242,349	1,720,448
General revenues:						
Property taxes	1,811,417	1,402,667			1,811,417	1,402,667
Sales taxes	1,169,916	1,026,058			1,169,916	1,026,058
Motor vehicle in-lieu tax	1,817,415	1,701,399			1,817,415	1,701,399
Other taxes	1,332,323	1,280,215			1,332,323	1,280,215
Grants and contributions not restricted to specific programs	144,174	39,613			144,174	39,613
Gain on Sale of Inventory	-	10,121	8,819,068		8,819,068	10,121
Other	196,091	84,196			196,091	84,196
Total revenues	10,435,654	8,667,464	15,398,108	6,188,080	25,833,762	14,855,544
Expenses:						
General government	1,617,100	828,505			1,617,100	828,505
Public safety	3,331,662	2,633,693			3,331,662	2,633,693

Public works	1,781,623	1,552,356			1,781,623	1,552,356
Community development	1,941,075	1,115,011			1,941,075	1,115,011
Interest on long-term debt	217,746	215,937			217,746	215,937
Water reclamation and sewer			1,476,178	1,308,610	1,476,178	1,308,610
Water utility			1,496,483	1,143,306	1,496,483	1,143,306
Refuse collection and disposal			1,677,105	1,379,554	1,677,105	1,379,554
Golf course			37,919	197,672	37,919	197,672
Public Transportation			417,049	205,342	417,049	205,342
CNG Fueling Station			60,446	65	60,446	65
Total expenses	8,889,206	6,345,502	5,165,180	4,234,549	14,054,386	10,580,051
Transfers In		1,616,917	1,060,435	996,836	1,060,435	2,613,753
Transfers Out	(1,060,435)	(1,897,340)		(716,413)	(1,060,435)	(2,613,753)
Change in Accounting Estimate	-	-	-	-	-	-
Increase in net assets	486,013	2,041,539	11,293,363	2,233,954	11,779,376	4,275,493
Net assets, July 1, 2005	15,470,600	13,429,061	\$5,276,108	3,042,154	20,746,708	16,471,215
Net assets, June 30, 2006	\$15,956,613	\$15,470,600	\$16,569,471	\$5,276,108	\$32,526,084	\$20,746,708

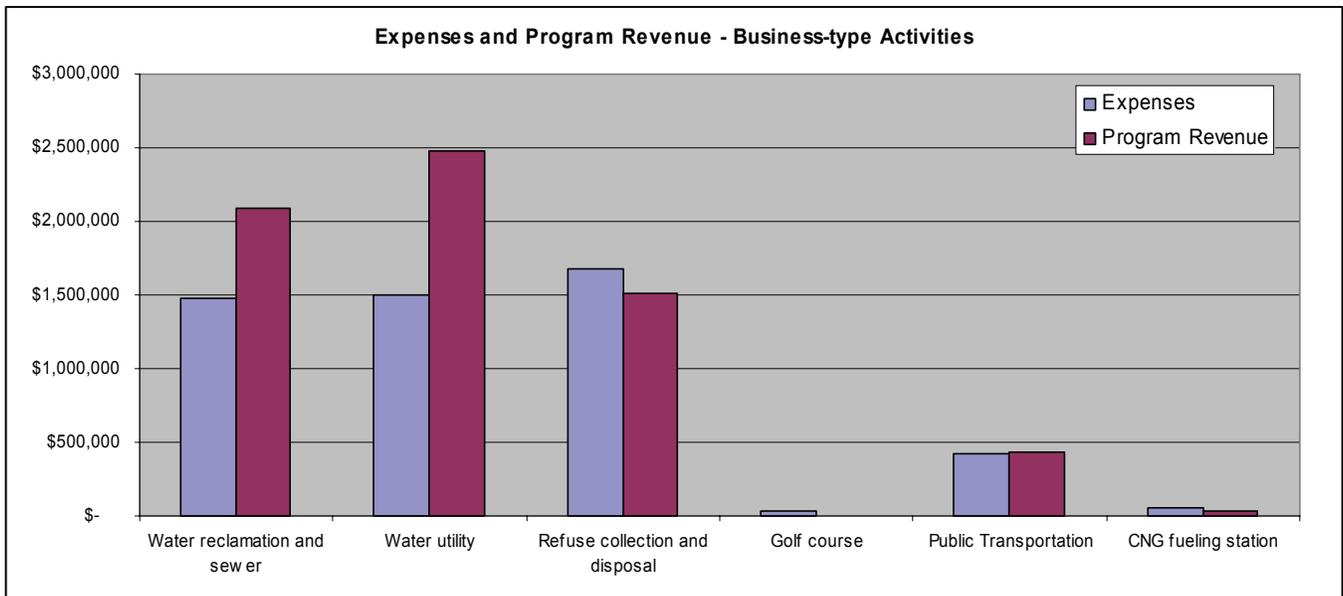
- Property taxes increased by \$408,750 or 29 percent during the year. Most of is increase is the product of three years unprecedented residential growth averaging 4 percent per year.
- Motor Vehicle in-lieu tax increased by \$116,016 or 7 percent during the year. The increase is attributable to increased new cars being purchased by Citizens of Wasco as well as increased population.
- Operating Contributions and Grants increased \$743,358 or 196 percent due to several Community Development grants received used for housing rehabilitation and a grant funded new senior apartment housing complex.
- Capital Contributions and Grants decreased by (\$478,099) or 27 percent. The decrease was attributed to fewer infrastructure grants being awarded in this year compared to last year.
- State allocation of the Gas Tax, included in Other Tax Revenue, increased by \$69,345 or 13 percent during the year due to increasing gas prices and local population growth.

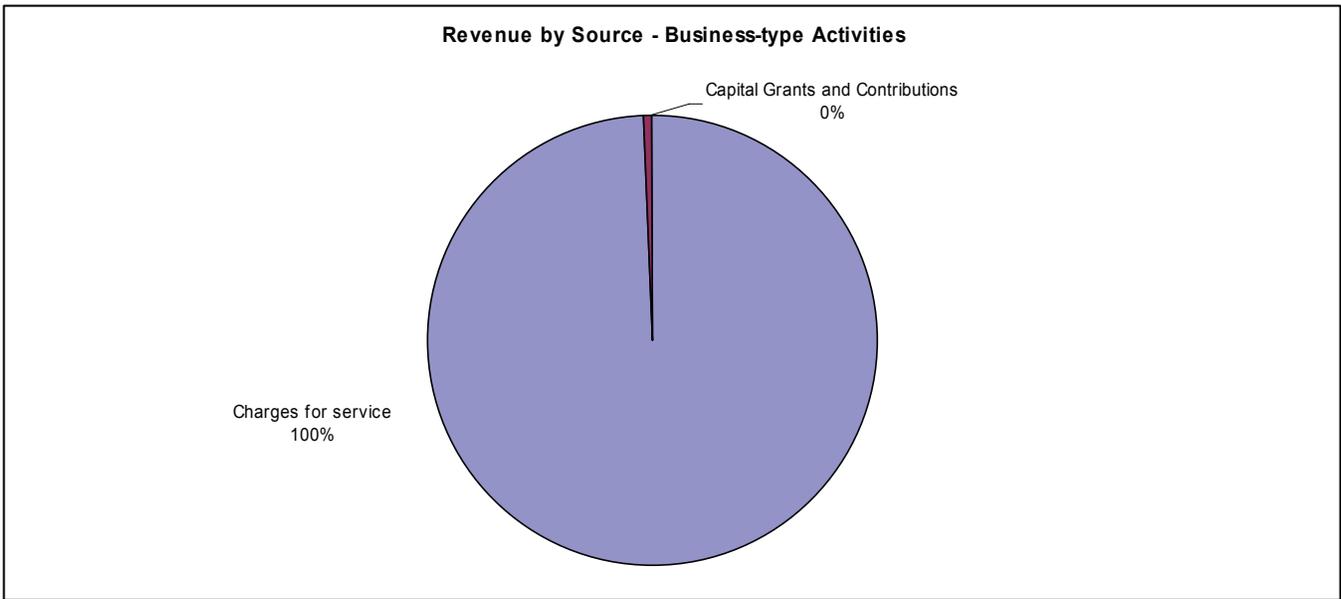


For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. One noteworthy exception, however, was the City of Wasco's general governmental function. In that instance, the growth in expenses of \$788,595 (95 percent) included \$316,675 for work on an Environmental Impact Report for the proposed new industrial park. Another noteworthy exception was the City of Wasco's public safety function. In that instance, the growth in expenses of \$697,969 (26 percent) was a result of the Kern County Sheriff Departments pass through of costs increases and \$85,693 of deferred prior year expenses, neither of which were related to increases in demand for services. Also, some of the various grants discussed earlier were used to undertake maintenance projects that had been delayed in the past because of delayed construction and inadequate funding.

Business-type activities. Business-type activities increased the City of Wasco’s net assets by \$11,293,363 or 95 percent growth of total government’s assets. Key elements of this increase are a follows:

- As discussed earlier, The City of Wasco closed the sale of the Wasco Valley Rose Golf Course and Wasco Valley Rose Estates. This sale settled the outstanding defaulted bonds and eliminated a negative net asset value within that fund of \$8,945,038.
- The City of Wasco experienced 4 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 \$545,331 of revenue for Wastewater Impact Fees and \$414,725 for Water Impact Fees.
- The City of Wasco’s Public Transportation fund received \$461,099 in Capital Contributions as the result of a new public transit station that was constructed by the City with CMAQ grant funds.
- A 25 percent rate increase was initiated in fiscal year 2005-2006 for the water operations which generated an additional \$595,698 in revenue for the current fiscal year. This revenue increase will be used to fund deferred repairs, maintenance, and expansion of the City’s water system.





Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Wasco's governmental funds reported combined ending fund balances of \$9,025,259 a decrease of (\$31,058) in comparison with the prior year. Approximately 39 percent of this total amount (\$3,511,706) constitutes unreserved, undesignated fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed 1) to notes receivable, mostly accumulated from housing grant loans in the amount (\$1,887,709), 2) to land held for resale within the Wasco Redevelopment Agency in the amount of (\$2,294,172), 3) to pay debt service (\$175,000), 4) to liquidate prepaid expenses and other deferred charges of (\$435,244), and 4) to capital improvements in the amount of (\$721,428).

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 \$113,736 while total fund balance reached \$712,747. 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 2 percent of total general fund expenditures, while total fund balance represents 12 percent of the same amount.

The fund balance of the City of Wasco's general fund decreased by (\$864,903) during the current fiscal year. Key factors in this reduction are as follows:

- An increase of \$622,630 for Police Services provided under contract by Kern County. This was the first year that, according to the contract, the County would readjust the rates charged to reflect their actual costs and to recover deferred costs from the prior year.
- The City's investment in an Environmental Impact Report for the new industrial park for \$316,675. This cost will ultimately be added to a benefit district to be recovered by the city as development within the new industrial park occurs.

The City of Wasco doesn't have a debt service fund. Lease obligations in the general fund consists of two operating leases for copiers totaling future lease payments of \$24,320. Of that balance both leases have a balance of \$12,160 with one year remaining on the term.

The total debt under governmental funds is \$3,402,627 (See Note 9). The components of this amount are as follows;

- Compensated Absences in the amount of \$83,837.
- Wasco Public Financing Authority Revenue Bonds of \$457,800. Bonds issued for south side infrastructure.
- Wasco Public Financing Authority Tax Allocation Bond debt of \$2,410,795. Bonds used to construct the industrial park.
- Other Long-Term Debt - A 3 percent promissory note with CALHFA for \$342,000.
- Other Long –Term Debt – a note payable to Municipal Finance Corporation for \$108,195 used to finance a new dump truck.

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 (\$124,936), Water Utility amounted to \$1,260,254, Refuse Collection amounted to \$22,251, Public Transportation amounted to 195,750, and CNG Fueling Station amounted to a negative (\$5,498). The total growth in net assets for all Proprietary Funds was \$469,032, \$1,264,774, (\$269,656), \$910,438 and (\$26,263) respectively plus \$8,945,038 from the final sale of the Golf Course discussed above. 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 \$180,498 when comparing actual amounts to the final budget for the current fiscal year. This positive budget variance reflects revenue realization lower than estimates of (\$88,010), expense realization lower than budget by \$311,824 and net transfers in lower than budget by (\$43,316). About one half of the lower than budgeted expenses was a result of budgeted cost for the Environmental Impact Report on the new industrial park that did not occur in 2006-2007 but are anticipated to carryover to 2007-2008. The other half of the lower expenses realization was from cost savings across various departments.

Capital Asset and Debt Administration

Capital Assets. The City of Wasco's investment in capital assets for its governmental and business type activities as of June 30, 2007, amounts to \$26,524,713 (net of accumulated depreciation). This investment in capital assets includes land, building and systems, improvements, machinery and equipment, automobiles, roads, highways and infrastructure. The total increase in the City of Wasco's investment in capital assets for the current fiscal year was 10 percent (a 4 percent increase for governmental activities and a 6 percent increase for business-type activities).

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

- The Wasco Valley Rose Golf course was sold reducing the capital assets for business-type activities by (\$3,889,123) net of depreciation.
- A variety of street construction projects in new residential developments along with expansion and repairs to existing streets and infrastructure amounted to a capital asset increase in \$580,532 in governmental activities and an additional \$464,132 in progress.
- Various machinery and vehicles were purchased in governmental activities including a new dump truck increasing capital assets by \$388,428.
- The first installment payment on a new water well was made during the year increasing business-type activity capital assets by \$300,000.
- The City of Wasco began the design phase of an expansion for the City's wastewater treatment plant increasing business-type activity capital assets by \$903,928.

City of Wasco's Capital Assets

	Governmental Activities		Business -Type Activities		Total	
	2007	2006	2007	2006	2006	2006
Land	\$ 384,839	\$ 384,839	\$287,323	\$981,090	\$ 672,162	\$ 1,365,929
Construction in Progress	505,600	893,734	557,880	-	1,063,480	893,734
Land Improvements	1,082,357	818,726	5,462,710	9,890,053	6,545,067	10,708,779
Building and Improve.	2,368,910	2,330,231	13,931,037	13,147,139	16,299,947	15,477,370
Infrastructure	10,136,257	9,577,615	4,910,699	3,969,300	15,046,956	13,546,915
Machinery and Other	1,150,089	1,036,480	2,432,047	3,274,530	3,582,136	4,311,010
Vehicles	950,586	656,400	1,883,066	1,563,700	2,833,652	2,220,100

Accumulated Depr.	(6,149,432)	(5,466,022)	(13,369,255)	(14,394,748)	(19,518,687)	(21,047,788)
Total Net Capital Assets	\$ 10,429,206	\$ 9,282,757	\$16,095,507	\$16,767,534	\$ 26,524,713	\$ 27,476,049

Additional information on the City of Wasco's capital assets can be found in note 7 on pages 51-52 of this report.

Long-term debt. At the end of the current fiscal year, the City of Wasco had total bonded debt outstanding of \$3,488,595. Of this amount, \$2,410,795 were tax allocation bonds and \$1,077,800 were revenue bonds which comprised of \$620,000 of wastewater revenue refunding bonds, and \$457,800. 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 \$3,177,947, a note payable to the State of California for storm drainage infrastructure of \$412,417, and \$16,561 with United States Department of Agriculture for emergency water power equipment. Under capital leases there is a lease payable to Municipal Finance Corporation for the purchase of garbage truck for \$196,532 and a \$108,195 Capital Lease payable to Municipal Finance Corporation which is collateralized by a dump truck. Under the compensated absences there is a total of \$154,353 (see note 9).

City of Wasco's Outstanding Debt

	Governmental Activities		Business –Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Tax Allocation Bonds	\$2,410,795	\$2,550,795			\$2,410,795	\$2,550,795
Revenue Bonds	457,800	482,800	620,000	9,670,000	1,077,800	10,152,800
Notes Payable			3,606,926	3,889,773	3,606,926	3,889,773
Other Long-Term Debt	342,000	342,000			342,000	342,000
Capital Lease	108,195		196,532		304,727	
Compensated Absences	83,837	43,721	70,516	40,285	154,353	84,006
Total Debt	3,402,627	3,419,316	4,493,974	13,600,058	7,896,601	17,019,374

The City of Wasco Governmental Activities issued \$108,195 in new debt in 2007 in the form of a capital lease for the purchase of a new Dump Truck. The City of Wasco Business-Type Activities issued debt of \$196,532 in the form of a capital lease for the purchase of a new garbage truck. Both debt instruments were issued to Municipal Finance Cooperation.

During the fiscal year the City was able to eliminate \$8,860,000 in revenue bonds related to the sale of the Wasco Valley Rose Golf Course. These bonds were in default and not rated.

The City of Wasco general fund has no bonds. The Wasco Redevelopment Agency has revenue bonds secured by tax increment, which proceeds were used to construct a 72 acre industrial

park; these revenue bonds are not rated. The Water Reclamation and Sewer operation has a 1999 Refunding bond rated "AAA". All other bonds are tax allocation bonds and are passed through the Wasco Public Finance Authority (see Note 13 for more information). These bonds are not rated.

Additional information on the City of Wasco's long term debt can be found in Note 9 on pages 53-56 of this report.

Economic Factors and Next Year's Budgets General Fund Budget

- The unemployment rate for the City of Wasco is currently 14.4 percent this percentage has decrease by 1.2 percent from the pervious fiscal year. This percentage is well above Kern Counties unemployment rate of 7.6 percent and the State of California's unemployment rate of 4.9 percent.
- The city's residential construction growth rate was estimated at 4 percent. Actual residential construction growth rate is slowing and will most likely fall between 2 and 3 percent. This unfavorably decrease in the residential construction growth rate will slow expected revenues in departments affected by residential construction such as the Building Inspection, Wastewater and Water.
- As a result of several year of rapid increase in housing prices and the recent slow down in the housing market the city is expecting to see a higher rate of defaulted assessments and property taxes. As a result assessment district revenues and general fund property tax revenues are expensed to hold or slightly decline.
- The California State budget is in a deficit and as a result the state may hold city funds back to temporarily balance the state budget. If this happens the City will have to reduce spending in an equal amount as the reserve levels are low going into this new year.

All these factors were considered in preparing the City of Wasco's budget for fiscal year 2008.

During the current fiscal year, unreserved, undesignated fund balance of the general fund decreased by (\$864,903). In the development of the FY2008 budget the legislative body made it an important point to have the budget balanced including establishing a rainy-day reserve to increase unreserved fund balance.

Government Activities Revenues. The City of Wasco developed its FY2008 budget projecting an increase of \$2,217,000 or 38 percent in general fund revenues of \$7,946,700. These amounts reflect revenues derived from higher than usual growth in property taxes and vehicle license fees, and growth projections increasing charges for services.

Government Activities Expenditures. The City of Wasco's general fund operating budget for FY 2008 reflects an increase in expenditures of \$1,146,778 or 17 percent. This increase in expenditures was primarily due the increased cost of public safety and fire services.

Business – Type Activities. Two Proprietary Funds had rate increases including the Wastewater Fund increase of 30 percent to pay for increase operating cost and future expansion and Sanitation Disposal Fund rate increase of 50 percent to recover the fund from several years of operating losses.

Request for Information

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

City of Wasco
STATEMENT OF NET ASSETS
June 30, 2007

	Governmental Activities	Business-Type Activities	Total
Assets:			
Current Assets:			
Cash and Investments	\$ 5,393,906	\$ 4,923,941	\$ 10,317,847
Investments With Fiscal Agents - Restricted	-	266,002	266,002
Receivables, net	860,803	217,512	1,078,315
Prepaid Expenses	40,049	26,481	66,530
Internal Balances	1,111	(1,111)	-
Land Held For Resale	2,294,172	-	2,294,172
	5,590,041	5,432,825	14,022,866
Total Current Assets			
Noncurrent Assets:			
Capital Assets:			
Land	384,839	287,323	672,162
Construction in Progress	505,600	557,880	1,063,480
Depreciable Buildings, Property, Equipment and Infrastructure, net of accumulated depreciation	9,538,767	15,250,304	24,789,071
Notes Receivable	1,887,709	-	1,887,709
Deferred Charges	395,195	38,212	433,407
	12,712,110	16,133,719	28,845,829
Total Noncurrent Assets			
Total Assets			
	21,302,151	21,566,544	42,868,695
Liabilities:			
Current Liabilities:			
Accounts Payable	1,264,170	240,893	1,505,063
Accrued Liabilities	160,855	89,753	250,608
Deposits Received	323,105	41,495	364,600
Unearned Revenue	194,781	130,958	325,739
Compensated Absences	31,020	26,091	57,111
Bonds and Notes Payable Due Within One Year	194,837	493,729	688,566
	2,168,768	1,022,919	3,191,687
Total Current Liabilities			
Noncurrent Liabilities:			
Bonds and Notes Payable Due in More Than One Year	3,123,953	3,929,729	7,053,682
Compensated Absences	52,817	44,425	97,242
	3,176,770	3,974,154	7,150,924
Total Noncurrent Liabilities			
Total Liabilities			
	5,345,538	4,997,073	10,342,611
Net Assets:			
Invested in Capital Assets, net of related debt	10,321,011	11,672,049	21,993,060
Restricted For:			
Capital Projects	-	2,646,955	2,646,955
Debt Service	-	477,710	477,710
Unrestricted (Deficit)	5,635,602	1,772,757	7,408,359
	15,956,613	16,569,471	32,526,084
Net Assets			
	\$ 15,956,613	\$ 16,569,471	\$ 32,526,084

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

City of Wasco
STATEMENT OF ACTIVITIES
Year ended June 30, 2007

Functions / Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 1,617,100	\$ 102,515	\$ -	\$ -	\$ (1,514,585)	\$ -	\$ (1,514,585)
Public Safety	3,331,662	375,115	170,207	457	(2,785,883)	-	(2,785,883)
Public Works	1,781,623	856,014	167,178	1,210,892	452,461	-	452,461
Community Development	1,941,075	298,143	783,797	-	(859,135)	-	(859,135)
Interest on Long-Term Debt	217,746	-	-	-	(217,746)	-	(217,746)
Total Governmental Activities	8,889,206	1,631,787	1,121,182	1,211,349	(4,924,888)	-	(4,924,888)
Business-Type Activities:							
Water Reclamation and Sewer	1,476,178	2,086,823	-	-	-	610,645	610,645
Water Utility	1,496,483	2,480,917	-	-	-	984,434	984,434
Refuse Collection and Disposal	1,677,105	1,515,649	-	-	-	(161,456)	(161,456)
Golf Course	37,919	-	-	-	-	(37,919)	(37,919)
Public Transportation	417,049	430,468	-	31,000	-	44,419	44,419
CNG Fueling Station	60,446	34,183	-	-	-	(26,263)	(26,263)
Total Business-Type Activities	5,165,180	6,548,040	-	31,000	-	1,413,860	1,413,860
Total	\$ 14,054,386	\$ 8,179,827	\$ 1,121,182	\$ 1,242,349	\$ (4,924,888)	\$ 1,413,860	\$ (3,511,028)
General Revenues:							
Taxes:							
Property Tax					1,811,417	-	1,811,417
Sales Tax					1,169,916	-	1,169,916
Franchise Tax					273,391	-	273,391
State Allocation of Gas Tax					1,037,907	-	1,037,907
Transient Occupancy Tax					21,025	-	21,025
Intergovernmental, Unrestricted:							
Motor Vehicle In-lieu Tax					1,817,415	-	1,817,415
Total Taxes					6,131,071	-	6,131,071
Unrestricted investment earnings					144,174	-	144,174
Gain on Sale of Inventory					-	8,819,068	8,819,068
Miscellaneous					196,091	-	196,091
Transfers					(1,060,435)	1,060,435	-
Total General Revenues and Transfers					5,410,901	9,879,503	15,290,404
Change in Net Assets					486,013	11,293,363	11,779,376
Net Assets - Beginning					15,470,600	5,276,108	20,746,708
Net Assets - Ending					\$ 15,956,613	\$ 16,569,471	\$ 32,526,084

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

City of Wasco
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2007

	General	Streets	RDA Capital Projects	RDA Debt Service	Non-Major Governmental Funds	Total Government
Assets:						
Cash and Investments	\$ 1,984,002	\$ 366,794	\$ 518,054	\$ 201,006	\$ 2,324,050	\$ 5,393,906
Investments With Fiscal Agents - Restricted	-	-	-	-	-	-
Receivables, net	181,503	566,860	-	82,549	29,891	860,803
Prepaid Costs	25,027	6,247	2,525	-	6,250	40,049
Due from Other Funds	8,696	14,589	-	-	60,800	84,085
Notes Receivable	-	-	-	-	1,887,709	1,887,709
Land Held for Resale	-	-	2,294,172	-	-	2,294,172
Deferred Charges	-	-	395,195	-	-	395,195
Total Assets	\$ 2,199,228	\$ 954,490	\$ 3,209,946	\$ 283,555	\$ 4,308,700	\$ 10,955,919
Liabilities:						
Accounts Payable	\$ 1,116,820	\$ 102,283	\$ 37,216	\$ -	\$ 7,851	\$ 1,264,170
Accrued Liabilities	46,556	12,526	-	-	6,548	65,630
Deposits Received	323,105	-	-	-	-	323,105
Due to Other Funds	-	-	-	60,000	22,974	82,974
Deferred Revenue	-	-	22,778	-	172,003	194,781
Total Liabilities	1,486,481	114,809	59,994	60,000	209,376	1,930,660
Fund Balances:						
Reserved For:						
Prepaid Costs	25,027	6,247	2,525	-	6,250	40,049
Notes Receivable	-	-	-	-	1,887,709	1,887,709
Land Held for Resale	-	-	2,294,172	-	-	2,294,172
Deferred Charges	-	-	395,195	-	-	395,195
Debt Service	-	-	-	175,000	-	175,000
Unreserved:						
Designated for Capital Improvements	573,984	147,444	-	-	-	721,428
Undesignated, Reported In:						
General Fund	113,736	-	-	-	-	113,736
Special Revenue Funds	-	685,990	-	-	2,205,365	2,891,355
Capital Projects Fund	-	-	458,060	-	-	458,060
Debt Service Fund	-	-	-	48,555	-	48,555
Total Fund Balances (Deficit)	712,747	839,681	3,149,952	223,555	4,099,324	9,025,259
Total Liabilities & Fund Balances	\$ 2,199,228	\$ 954,490	\$ 3,209,946	\$ 283,555	\$ 4,308,700	\$ 10,955,919

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, 2007

Fund balances of governmental funds \$ 9,025,259

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	\$ 9,920,572	
Current Year Additions	1,452,459	
Current Year Interfund Transfers	(571,846)	
Current Year Depreciation	<u>(371,979)</u>	
Ending Balance, net of depreciation		10,429,206

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. (95,225)

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	(83,837)	
Long-Term Debt	<u>(3,318,790)</u>	
Total Long-Term Liabilities		<u>(3,402,627)</u>

Net assets of governmental activities \$ 15,956,613

City of Wasco
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS) – GOVERNMENTAL FUNDS
Year ended June 30, 2007

	General	Streets	RDA Capital Projects	RDA Debt Service	Non-Major Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 3,894,640	\$ 580,453	\$ -	\$ 1,168,259	\$ 53,316	\$ 5,696,668
Licenses & Permits	355,066	-	-	-	-	355,066
Intergovernmental	10,457	1,414,284	-	-	1,578,637	3,003,378
Charges for Services	425,180	422,569	-	-	238,213	1,085,962
Fines, Forfeitures & Assessments	35,283	-	-	-	28,359	63,642
Use of Money or Property	74,019	15,025	19,114	7,263	128,892	244,313
Miscellaneous	-	-	7,272	-	6,925	14,197
Total Revenues	4,794,645	2,432,331	26,386	1,175,522	2,034,342	10,463,226
Expenditures:						
Current:						
General Government	1,052,512	-	-	-	-	1,052,512
Public Safety	2,872,982	-	-	-	16,737	2,889,719
Public Works	-	1,418,820	-	-	66,667	1,485,487
Community Development	1,184,104	-	523,579	10,275	240,686	1,958,644
Non Departmental	606,732	-	-	-	-	606,732
Capital Outlay:						
General Capital Outlay	152,922	237,472	-	-	53,815	444,209
Street Improvements	-	1,004,441	-	-	-	1,004,441
Debt Service:						
Principal Retirement	-	-	345,448	165,000	-	510,448
Tax Increment Pass-Through Payments	-	-	-	297,652	-	297,652
Interest and Finance Charges	-	-	-	209,494	-	209,494
Total Expenditures	5,869,252	2,660,733	869,027	682,421	377,905	10,459,338
Excess of Revenues Over (Under) Expenditures	(1,074,607)	(228,402)	(842,641)	493,101	1,656,437	3,888
Other Financing Sources (Uses):						
Transfers In	221,787	1,320,900	345,448	145,000	288,652	2,321,787
Transfers Out	(12,083)	(756,384)	-	(579,546)	(1,462,363)	(2,810,376)
Loan Proceeds	-	108,195	345,448	-	-	453,643
Total Other Financing Sources (Uses)	209,704	672,711	690,896	(434,546)	(1,173,711)	(34,946)
Net Change in Fund Balances	(864,903)	444,309	(151,745)	58,555	482,726	(31,058)
Fund Balances - Beginning	1,577,650	395,372	3,301,697	165,000	3,616,598	9,056,317
Fund Balances - Ending	\$ 712,747	\$ 839,681	\$ 3,149,952	\$ 223,555	\$ 4,099,324	\$ 9,025,259

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, 2007

Net change in fund balance - total governmental funds	\$	(31,058)
<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 (\$880,613) exceeded depreciation (\$371,979) in the current period.</p>		508,634
<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>		165,000
<p>The issuance of long-term debt provides current financial resources to governmental funds, but the issuance has no effect on net assets.</p>		(108,195)
<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>		(8,252)
<p>Long-term compensated absence expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds.</p>		<u>(40,116)</u>
Change in net assets of governmental activities	\$	<u><u>486,013</u></u>

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

City of Wasco
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007

	Water Reclamation and Sewer	Water Utility	Refuse Collection and Disposal	Golf Course	Public Transportation	CNG Fueling Station	Total Proprietary
Assets:							
Current Assets:							
Cash and Investments	\$ 2,497,435	\$ 2,036,130	\$ 59,840	\$ -	\$ 330,536	\$ -	\$ 4,923,941
Investments With Fiscal Agents - Restricted	266,002	-	-	-	-	-	266,002
Receivables	48,036	113,860	46,519	-	4,122	4,975	217,512
Prepaid Expenses	5,390	5,012	12,404	-	3,585	90	26,481
Due from Other Funds	744	1,137	5,395	-	744	-	8,020
Total Current Assets	2,817,607	2,156,139	124,158	-	338,987	5,065	5,441,956
Noncurrent Assets:							
Capital Assets (net of accumulated depreciation)	10,663,436	2,331,067	1,078,800	-	1,171,577	850,627	16,095,507
Deferred Charges	38,212	-	-	-	-	-	38,212
Total Noncurrent Assets	10,701,648	2,331,067	1,078,800	-	1,171,577	850,627	16,133,719
Total Assets	\$ 13,519,255	\$ 4,487,206	\$ 1,202,958	\$ -	\$ 1,510,564	\$ 855,692	\$ 21,575,675
Liabilities:							
Current Liabilities:							
Accounts Payable	\$ 150,837	\$ 61,953	\$ 24,975	\$ -	\$ 1,930	\$ 1,198	\$ 240,893
Accrued Payroll	7,678	9,958	14,536	-	4,085	128	36,385
Customer Deposits	34	41,461	-	-	-	-	41,495
Accrued Interest Payable	50,560	232	2,576	-	-	-	53,368
Accrued Compensated Absences	7,434	6,946	9,354	-	2,318	39	26,091
Current Portion of Long-Term Debt	441,136	16,561	36,032	-	-	-	493,729
Due to Other Funds	-	-	-	-	-	9,131	9,131
Total Current Liabilities	657,679	137,111	87,473	-	8,333	10,496	901,092
Noncurrent Liabilities:							
Accrued Compensated Absences	12,656	11,828	15,928	-	3,946	67	44,425
Bonds Payable	420,000	-	-	-	-	-	420,000
Notes Payable	3,349,229	-	160,500	-	-	-	3,509,729
Deferred Revenue	-	-	-	-	130,958	-	130,958
Total Noncurrent Liabilities	3,781,885	11,828	176,428	-	134,904	67	4,105,112
Total Liabilities	4,439,564	148,939	263,901	-	143,237	10,563	5,006,204
Net Assets:							
Invested in Capital Assets, net of related debt	6,453,071	2,314,506	882,268	-	1,171,577	850,627	11,672,049
Restricted For:							
Capital Projects (expendable)	2,148,910	463,507	34,538	-	-	-	2,646,955
Debt Service (expendable)	477,710	-	-	-	-	-	477,710
Unrestricted	-	1,560,254	22,251	-	195,750	(5,498)	1,772,757
Net Assets	\$ 9,079,691	\$ 4,338,267	\$ 939,057	\$ -	\$ 1,367,327	\$ 845,129	\$ 16,569,471

City of Wasco
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
Year ended June 30, 2007

	Water Reclamation and Sewer	Water Utility	Refuse Collection and Disposal	Golf Course	Public Transportation	CNG Fueling Station	Total Proprietary
Operating Revenues:							
Charges for Services	\$ 1,270,018	\$ 1,968,069	\$ 1,431,535	\$ -	\$ 26,666	\$ 34,183	\$ 4,730,471
Rental Income	64,125	-	-	-	-	-	64,125
Cost Recoveries	-	-	28,156	-	-	-	28,156
Total Operating Revenues	1,334,143	1,968,069	1,459,691	-	26,666	34,183	4,822,752
Operating Expenses:							
Wages and Benefits	494,818	580,554	852,810	-	256,233	4,941	2,189,356
Administration	200,467	221,163	342,396	37,919	19,164	6,307	827,416
Materials and Supplies	54,669	96,412	102,976	-	20,600	18,717	293,374
Maintenance and Repair	64,517	57,243	222,466	-	70,365	-	414,591
Utilities	90,289	404,586	4,334	-	5,776	13,121	518,106
Depreciation	433,523	135,126	149,290	-	44,912	17,360	780,211
Total Operating Expenses	1,338,283	1,495,084	1,674,272	37,919	417,050	60,446	5,023,054
Operating Income (Loss)	(4,140)	472,985	(214,581)	(37,919)	(390,384)	(26,263)	(200,302)
Nonoperating Revenues (Expenses):							
Interest Income	198,468	98,123	15,172	-	15,608	-	327,371
Intergovernmental	8,881	-	6,248	-	419,194	-	434,323
Connection Fees	545,331	414,725	34,538	-	-	-	994,594
Interest Expense	(137,895)	(1,399)	(2,833)	-	-	-	(142,127)
Gain on Sale of Capital Assets	-	-	-	8,819,068	-	-	8,819,068
Total Nonoperating Revenues (Expenses)	614,785	511,449	53,125	8,819,068	434,802	-	10,433,229
Income (Loss) Before Contributions and Transfers	610,645	984,434	(161,456)	8,781,149	44,418	(26,263)	10,232,927
Capital Contributions	-	110,748	-	-	461,099	-	571,847
Transfers In	-	351,463	-	163,889	404,921	-	920,273
Transfers Out	(141,613)	(181,871)	(108,200)	-	-	-	(431,684)
Change in Net Assets	469,032	1,264,774	(269,656)	8,945,038	910,438	(26,263)	11,293,363
Net Assets - Beginning	8,610,659	3,073,493	1,208,713	(8,945,038)	456,889	871,392	5,276,108
Net Assets - Ending	\$ 9,079,691	\$ 4,338,267	\$ 939,057	\$ -	\$ 1,367,327	\$ 845,129	\$ 16,569,471

City of Wasco
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2007

	Water Reclamation and Sewer	Water Utility	Refuse Collection and Disposal	Golf Course	Public Transportation	CNG Fueling Station	Total Proprietary
Cash flows from operating activities:							
Cash received from:							
Customers, including cash deposits	\$ 1,291,731	\$ 1,907,740	\$ 1,452,259	\$ -	\$ 26,666	\$ 31,528	\$ 4,709,924
Rental activities	64,125	-	-	27,533	-	-	91,658
Prior year reimbursements and cost recoveries	-	-	28,156	-	-	-	28,156
Cash paid to:							
Suppliers	(258,550)	(776,572)	(676,958)	(37,919)	(119,535)	(37,037)	(1,906,571)
Employees	(479,646)	(561,421)	(829,797)	-	(247,169)	(4,707)	(2,122,740)
Net cash provided (used) by operating activities	617,660	569,747	(26,340)	(10,386)	(340,038)	(10,216)	800,427
Net cash provided from noncapital financing activities:							
Cash transferred from other funds	24,527	561,199	-	-	458,168	9,131	1,053,025
Cash transferred to other funds	(157,360)	(377,268)	(113,595)	-	(53,991)	-	(702,214)
Connection fees	545,331	414,725	34,538	-	-	-	994,594
Intergovernmental revenue	8,881	-	6,248	-	488,918	-	504,047
Net cash provided (used) by noncapital financing activities	421,379	598,656	(72,809)	-	893,095	9,131	1,849,452
Cash flows from capital and related financing activities:							
Principal payments:							
Bonds	(190,000)	-	-	(8,860,000)	-	-	(9,050,000)
Notes	(234,962)	(16,792)	(31,093)	-	-	-	(282,847)
Interest paid	(134,906)	(1,590)	(1,027)	-	-	-	(137,523)
Capital grant funds received	-	-	-	-	31,000	-	31,000
Purchase of capital assets	(935,236)	(960,778)	(215,274)	-	(526,229)	-	(2,637,517)
Proceeds from sale of capital assets	-	-	-	8,406,464	-	-	8,406,464
Proceeds from capital debt	-	-	196,532	-	-	-	196,532
Net cash provided (used) by capital and related financing activities	(1,495,104)	(979,160)	(50,862)	(453,536)	(495,229)	-	(3,473,891)
Cash flows from investing activities:							
Interest received	198,468	98,123	15,172	-	15,608	-	327,371
Cash (deposited) / withdrawn - long-term restricted accounts	(1,599)	-	-	463,922	-	-	462,323
Net cash provided by investing activities	196,869	98,123	15,172	463,922	15,608	-	789,694
Net increase (decrease) in cash	(259,196)	287,366	(134,839)	-	73,436	(1,085)	(34,318)
Cash and cash equivalents - Beginning of year	2,756,631	1,748,764	194,679	-	257,100	1,085	4,958,259
Cash and cash equivalents - End of year	\$ 2,497,435	\$ 2,036,130	\$ 59,840	\$ -	\$ 330,536	\$ -	\$ 4,923,941
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:							
Operating income (loss)	\$ (4,140)	\$ 472,985	\$ (214,581)	\$ (37,919)	\$ (390,384)	\$ (26,263)	\$ (200,302)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	433,523	135,126	149,290	-	44,912	17,360	780,211
(Increase) decrease in accounts receivable	21,713	(67,680)	20,724	27,533	-	(2,655)	(365)
(Increase) decrease in deferred charges	12,737	-	-	-	-	-	12,737
(Increase) decrease in prepaid expenses	(5,390)	(5,012)	(12,404)	-	(3,585)	(90)	(26,481)
Increase (decrease) in accounts payable	144,045	7,844	7,618	-	(45)	1,198	160,660
Increase (decrease) in accrued payroll	7,678	9,958	14,536	-	4,085	128	36,385
Increase (decrease) in customer deposits	-	7,351	-	-	-	-	7,351
Increase (decrease) in accrued compensated absences	7,494	9,175	8,477	-	4,979	106	30,231
Net cash provided (used) by operating activities	\$ 617,660	\$ 569,747	\$ (26,340)	\$ (10,386)	\$ (340,038)	\$ (10,216)	\$ 800,427

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

City of Wasco
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2007

	<u>Wasco Public Financing Authority Agency Fund</u>
Assets:	
Cash and Investments	\$ 668,758
Investments with Fiscal Agents - Restricted	500,674
Accrued Interest Receivable	<u>5,406</u>
 Total Assets	 <u>\$ 1,174,838</u>
Liabilities:	
Due to Bondholders	<u>1,174,838</u>
 Total Liabilities	 <u>\$ 1,174,838</u>

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

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

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. The Agency issues separate component unit financial statements. Upon completion, the Agency's financial statements can be obtained at City Hall.

On March 6, 1989, the City and the Agency entered into a Joint Exercise of Powers Agreement establishing the Wasco Public Financing Authority (the "Authority") for the purpose of issuing its bonds to be used to provide financial assistance to the City, the Agency or any other public entity of the State of California. The funds of 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, 2007

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, 2007

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

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

Proprietary Funds

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

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

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

The 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. The Golf Course was sold during the year and all legal issues involving the golf course bondholders were resolved with a satisfaction of judgment dated March 12, 2007.

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

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

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

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

Fiduciary Fund

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

C - Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

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

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

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

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

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

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

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

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

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

Cash and Investments

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

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

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

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, 2007

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, 2007

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

Net Assets/Fund Equity

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

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

Restricted Net Assets - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net assets reports \$3,124,665 of restricted net assets, of which \$3,124,665 is restricted by enabling legislation.

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

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

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

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

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

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

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

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

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

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

Appropriated Budget and Budgetary Control

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

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

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

Use of Estimates

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

Deferred Compensation Plan

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

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

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, 2007:

Pooled Cash and Investments - Government Funds	\$	5,393,906
Pooled Cash and Investments - Business-Type Funds		4,923,941
Restricted Investments - Business-Type Funds		266,002
Cash and Investments - Fiduciary Fund		668,758
Restricted Investments - Fiduciary Fund		500,674
		500,674
Total	\$	11,753,281
Cash on Hand	\$	1,350
Demand Deposits		2,049,983
Investments		9,701,948
		9,701,948
Total	\$	11,753,281

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.

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, 2007, all of the City’s deposits with financial institutions in excess of federal depository insurance limits were held in fully collateralized accounts, as permitted by the California Government Code.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

Note 2 – Cash and Investments, (continued)

Investments:

The City had the following investments at June 30, 2007:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (years)</u>
State Treasurer's Investment Pool (LAIF)	\$ 7,308,943	0.38
Money Market Funds	1,626,330	0.00
Held by Trustees:		
Money Market Funds	<u>766,675</u>	0.00
Total Investments	<u>\$ 9,701,948</u>	
Portfolio Weighted Average Maturity (years)		<u>0.29</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, 2007, the Credit ratings for the money market funds and investment in LAIF was unavailable. The City has no investment policy for credit risk.

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

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, 2007, \$2,393,005 was exposed to custodial credit risk because the related securities were uninsured, unregistered and held by the City's brokerage firm which is also the counterparty of these particular securities. The City has no investment policy for custodial credit risk.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

Note 2 – Cash and Investments, (continued)

Restricted Investments with Fiscal Agents

Business-Type Activities:

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. \$ 266,002

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. 500,674

Total Restricted Investments with Fiscal Agents \$ 766,676

Note 3 – Receivables

Receivables at June 30, 2007 consist of the following:

	General Fund	Streets	Redevelopment Agency	Non-Major Governmental Funds	Total Governmental	
Governmental Activities:						
Accounts receivable, net	\$ 72,466	\$ 551	\$ -	\$ 1,000	\$ 74,017	
Interest receivable	9,391	4,454	7,663	16,811	38,319	
Taxes receivable, net	57,053	-	74,886	-	131,939	
Due from Governments	42,593	561,855	-	12,080	616,528	
Total	<u>\$ 181,503</u>	<u>\$ 566,860</u>	<u>\$ 82,549</u>	<u>\$ 29,891</u>	<u>\$ 860,803</u>	
	Water Reclamation And Sewer	Water Utility	Refuse Collection And Disposal	Public Transportation	CNG Fueling Station	Total Business-Type
Business-Type Activities:						
Accounts receivable, net	\$ 24,299	\$ 83,838	\$ 42,014	\$ 242	\$ 4,975	\$ 155,368
Interest receivable	23,737	30,022	-	3,880	-	57,639
Due from Governments	-	-	4,505	-	-	4,505
Total	<u>\$ 48,036</u>	<u>\$ 113,860</u>	<u>\$ 46,519</u>	<u>\$ 4,122</u>	<u>\$ 4,975</u>	<u>\$ 217,512</u>

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

Note 4 – Interfund Receivables, Payables, Advances and Transfers

The composition of interfund balances as of June 30, 2007 is as follows:

Fund	Due From Other Funds	Due To Other Funds
Government Funds:		
General Fund	\$ 8,696	\$ -
Streets	14,589	-
RDA Debt Service	-	60,000
Non-Major Funds	60,800	22,974
Total Governmental Funds	84,085	82,974
Proprietary Funds:		
Water Reclamation and Sewer	744	-
Water Utility	1,137	-
Refuse Collection and Disposal	5,395	-
Public Transportation	744	-
CNG Fueling Station	-	9,131
Total Proprietary Funds	8,020	9,131
Total Due From/To	\$ 92,105	\$ 92,105

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

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

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

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

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

Interfund transfers at June 30, 2007 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 221,787	\$ 12,083
Streets Fund	1,320,900	756,384
RDA Capital Projects	345,448	-
RDA Debt Service	145,000	579,546
Non-Major Funds	288,652	1,462,363
Proprietary Funds:		
Water Reclamation and Sewer	-	141,613
Water Utility	351,463	181,871
Refuse Collection and Disposal	-	108,200
Golf Course	163,889	-
Public Transportation	404,921	-
Total Transfers	<u>\$ 3,242,060</u>	<u>\$ 3,242,060</u>

Composition and purpose of interfund transfers is as follows:

General fund transfers in of \$221,787 consist of \$12,533 from Water Reclamation and Sewer, \$60,460 from Water Utility and \$54,100 from Refuse Collection and Disposal which represents a portion of the in-lieu of tax and franchise fee; \$86,300 from Non-Major Funds which represent transfers of police type grant funds to the Sheriff department of the General Fund; \$8,394 from Non-Major Funds which represent transfers of community development type grant funds for engineering and building inspection costs.

Streets fund transfers in of \$1,320,900 consist of \$825,291 from State Gas Tax used to reimburse salaries and street construction projects; \$44,080 from Water Reclamation and Sewer, \$60,460 from Water Utility, \$54,100 from Refuse Collection and Disposal which represents a portion of the in-lieu of tax and franchise fee; \$235,169 from CDBG grant funds for community development projects.; and \$101,800 from Traffic Impact Fund to be applied to various street light and crosswalk construction projects.

RDA Capital Projects transfers in of \$345,448 from the RDA Debt Service fund consist of funds used to repay an operating loan from the City of Wasco.

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

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

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

Non-Major Governmental funds transfers in of \$288,652 consist of \$264,098 from RDA 20% tax allocation set-aside to be used toward low and moderate income housing projects; \$13,034 of miscellaneous cost reimbursements; and \$11,520 of transfers between Non-Major funds which mostly represent transfers between the various community development funds.

Water Utility fund transfers in of \$351,463 consists of a transfer from the Streets fund of accumulated construction costs on various water line improvements.

Golf Course fund transfers in of \$163,889 is a transfer from the Wasco Public Financing Authority of the remaining funds held by the trustee for the Golf Course bondholders so the gain on sale of the Golf Course could be property reported.

Public Transportation fund transfer in of \$404,921 consists of a transfer from the Streets fund of accumulated construction costs on the new transfer station.

Note 5 – Land Held for Resale

At June 30, 2007, the Redevelopment Agency had in Inventory a 70-acre industrial park with the following original cost amounts.

	RDA Capital Projects
Land	\$ 599,233
Improvements	1,694,939
Total	\$ 2,294,172

Note 6 – Deferred Charges

Deferred charges represent the capitalized costs of issuing debt. The deferred charges are being amortized over the term of the debt on the straight line basis. Deferred charges at June 30, 2007, net of amortization, are as follows:

	Governmental RDA Capital Projects	Business-Type Water Reclamation And Sewer
Governmental Activities:		
Industrial Park Bonds	\$ 372,618	\$ -
Southside Project Bonds	22,577	-
Sewer Revenue Bonds	-	38,212
Total	\$ 395,195	\$ 38,212

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

Note 7 – Capital Assets

Capital asset activity for the year ended June 30, 2007 is as follows:

<u>Governmental Activities</u>	Balance June 30, 2006	Additions	Deletions	Interfund Transfers	Balance June 30, 2007
Capital Assets Not Being Depreciated:					
Land	\$ 384,839	\$ -	\$ -	\$ -	\$ 384,839
Construction in Progress	893,734	464,132	-	(852,266)	505,600
Total Capital Assets Not Being Depreciated	<u>1,278,573</u>	<u>464,132</u>	<u>-</u>	<u>(852,266)</u>	<u>890,439</u>
Capital Assets Being Depreciated:					
Land Improvements	818,726	254,870	-	8,761	1,082,357
Construction	2,330,231	38,679	-	-	2,368,910
Infrastructure	9,577,615	286,983	-	271,659	10,136,257
Machinery and Other	1,036,480	113,609	-	-	1,150,089
Vehicles	656,400	294,186	-	-	950,586
Total Capital Assets Being Depreciated	<u>14,419,452</u>	<u>988,327</u>	<u>-</u>	<u>280,420</u>	<u>15,688,199</u>
Less Accumulated Depreciation For:					
Land Improvements	(89,684)	(53,905)	-	-	(143,589)
Construction	(279,780)	(43,301)	-	-	(323,081)
Infrastructure	(4,314,847)	(156,565)	-	-	(4,471,412)
Machinery and Other	(616,066)	(75,825)	-	-	(691,891)
Vehicles	(477,076)	(42,383)	-	-	(519,459)
Total Accumulated Depreciation	<u>(5,777,453)</u>	<u>(371,979)</u>	<u>-</u>	<u>-</u>	<u>(6,149,432)</u>
Total Capital Assets Being Depreciated, net	<u>8,641,999</u>	<u>616,348</u>	<u>-</u>	<u>280,420</u>	<u>9,538,767</u>
Governmental Activities Capital Assets, net	<u>\$ 9,920,572</u>	<u>\$ 1,080,480</u>	<u>\$ -</u>	<u>\$ (571,846)</u>	<u>\$ 10,429,206</u>

Depreciation charged to governmental functions on the Statement of Activities during the year is as follows: \$71,638 to General Government, \$10,371 to Public Safety, \$289,025 to Public Works, and \$945 to Community Development.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

Note 7 – Capital Assets, (continued)

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

<u>Business-Type Activities</u>	Balance June 30, 2006	Additions	Deletions	Interfund Transfers	Balance June 30, 2007
Capital Assets Not Being Depreciated:					
Land	\$ 981,090	\$ -	\$ (693,767)	\$ -	\$ 287,323
Construction in Progress	11,335	463,044	-	83,501	557,880
Total Capital Assets Not Being Depreciated	<u>992,425</u>	<u>463,044</u>	<u>(693,767)</u>	<u>83,501</u>	<u>845,203</u>
Capital Assets Being Depreciated:					
Land Improvements	9,890,053	520,392	(4,947,735)	-	5,462,710
Construction	13,135,804	812,600	(17,367)	-	13,931,037
Infrastructure	3,969,300	453,054	-	488,345	4,910,699
Machinery and Other	3,274,530	69,062	(911,545)	-	2,432,047
Vehicles	1,563,700	319,366	-	-	1,883,066
Total Capital Assets Being Depreciated:	<u>31,833,387</u>	<u>2,174,474</u>	<u>(5,876,647)</u>	<u>488,345</u>	<u>28,619,559</u>
Less Accumulated Depreciation For:					
Land Improvements	(6,025,573)	(211,358)	1,917,401	-	(4,319,530)
Construction	(3,709,828)	(260,508)	17,367	-	(3,952,969)
Infrastructure	(2,319,047)	(75,290)	-	-	(2,394,337)
Machinery and Other	(2,281,257)	(98,818)	746,523	-	(1,633,552)
Vehicles	(934,630)	(134,237)	-	-	(1,068,867)
Total Accumulated Depreciation	<u>(15,270,335)</u>	<u>(780,211)</u>	<u>2,681,291</u>	<u>-</u>	<u>(13,369,255)</u>
Total Capital Assets Being Depreciated, net	<u>16,563,052</u>	<u>1,394,263</u>	<u>(3,195,356)</u>	<u>488,345</u>	<u>15,250,304</u>
Business-Type Activities Capital Assets, net	<u>\$ 17,555,477</u>	<u>\$ 1,857,307</u>	<u>\$ (3,889,123)</u>	<u>\$ 571,846</u>	<u>\$ 16,095,507</u>

Depreciation charged to business-type activities on the Statement of Activities during the year is as follows: \$433,523 to Water Reclamation and Sewer, \$135,126 to Water Utility, \$149,290 to Refuse Collection and Disposal, \$44,912 to Public Transportation, and \$17,360 to CNG Fueling Station.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

Note 8 – Accrued Liabilities

Accrued Liabilities at June 30, 2007, as reported on the Statement of Net Assets are detailed as follows:

Governmental Activities:	General	Streets	RDA Debt Service	Non-Major Governmental Funds	Total Governmental		
Accrued Payroll	\$ 37,366	\$ 12,526	\$ -	\$ 6,548	\$ 56,440		
Accrued Interest Payable	-	1,225	56,406	37,594	95,225		
Other Liabilities	9,190	-	-	-	9,190		
Total	\$ 46,556	\$ 13,751	\$ 56,406	\$ 44,142	\$ 160,855		

Business-Type Activities:	Water Reclamation And Sewer	Water Utility	Refuse Collection and Disposal	Public Transportation	CNG Fueling Station	Total Business-Type		
Accrued Payroll	\$ 7,678	\$ 9,958	\$ 14,536	\$ 4,085	\$ 128	\$ 36,385		
Accrued Interest Payable	50,560	232	2,576	-	-	53,368		
Total	\$ 58,238	\$ 10,190	\$ 17,112	\$ 4,085	\$ 128	\$ 89,753		

Note 9 – Long-Term Liabilities

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007	Due Within One Year
Governmental Activities:					
Tax Allocation Bonds	\$ 2,550,795	\$ -	\$ (140,000)	\$ 2,410,795	\$ 150,000
Revenue Bonds	482,800	-	(25,000)	457,800	25,000
Other Long-Term Debt	342,000	108,195	-	450,195	19,837
Compensated Absences	43,721	56,293	(16,177)	83,837	31,020
Total Governmental Activities	3,419,316	164,488	(181,177)	3,402,627	225,857
Business-Type Activities:					
Revenue Bonds	9,670,000	-	(9,050,000)	620,000	200,000
Notes Payable	3,889,773	196,532	(282,847)	3,803,458	293,729
Compensated Absences	40,285	45,136	(14,905)	70,516	26,091
Total Business-Type Activities	13,600,058	241,668	(9,347,752)	4,493,974	519,820
Total Long-Term Liabilities	\$ 17,019,374	\$ 406,156	\$ (9,528,929)	\$ 7,896,601	\$ 745,677

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, 2007

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. \$ 2,410,795

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. 457,800

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

Note payable to Municipal Finance Corporation, payable in annual installments commencing March 27, 2008, of \$24,543 at 4.35% interest, final payment due March 27, 2012, collateralized by a dump truck. 108,195

Total Other Long-Term Debt 450,195

Compensated Absences 83,837

Total Governmental Activities \$ 3,402,627

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

Note 9 – Long-Term Liabilities, (continued)

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.

\$ 620,000

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.

3,177,947

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.

412,417

Note payable to Municipal Finance Corporation, payable in annual installments commencing March 12, 2008, of \$44,581 at 4.35% interest, final payment due March 12, 2012, collateralized by a sanitation vehicle.

196,533

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.

16,561

Total Notes Payable

3,803,458

Compensated Absences Payable

70,516

Total Business-Type Activities

\$ 4,493,974

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

Note 9 – Long-Term Liabilities, (continued)

The annual requirements to amortize all bonded indebtedness and other long-term liabilities outstanding at June 30, 2007, are as follows:

Governmental Activities

Year Ending June 30	Tax Allocation Bonds		Revenue Bonds		Other Long-Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 150,000	\$ 126,225	\$ 25,000	\$ 35,800	\$ 19,837	\$ 4,706
2009	155,000	117,838	30,000	33,600	20,699	3,844
2010	165,000	109,038	30,000	31,200	21,600	2,943
2011	185,000	99,413	30,000	28,800	22,539	2,004
2012	195,000	88,963	30,000	26,400	23,520	1,023
2013-2017	1,230,000	256,300	200,000	90,000	342,000	101,065
2018-2019	330,795	7,975	112,800	9,400	-	-
Total	\$ 2,410,795	\$ 805,752	\$ 457,800	\$ 255,200	\$ 450,195	\$ 115,585

Business-Type Activities

Year Ending June 30	Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2008	\$ 200,000	\$ 26,675	\$ 293,729	\$ 103,533
2009	205,000	18,275	285,069	94,822
2010	215,000	9,460	293,205	86,684
2011	-	-	301,584	78,306
2011	-	-	310,213	69,677
2013-2017	-	-	1,446,629	229,918
2018-2020	-	-	873,029	44,738
Total	\$ 620,000	\$ 54,410	\$ 3,803,458	\$ 707,678

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

Note 10 – Deferred Revenue

Deferred Revenue at June 30, 2007 is detailed as follows:

	Government Funds	Business-Type Funds
RDA Unamortized Option Revenue	\$ 22,778	\$ -
COPS Technology Grant	12,247	
2005 Cal Home Grant	21,256	-
Miscellaneous Grants	13,500	-
2006 Cal Home Grant	125,000	-
Transit Grant for Bus Purchase	-	130,958
	<hr/>	<hr/>
Total	<u>\$ 194,781</u>	<u>\$ 130,958</u>

Note 11 – Public Entity Risk Pools

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

Liability Program: The program provides \$20 million of coverage per occurrence for general & automobile liability and public officials errors & omission coverage. CSJVRMA members self-fund the first \$1 million of exposure; losses above \$1 million to \$5 million are covered through CSJVRMA's participation in the California Affiliated Risk Management Authority's (CARMA) excess pool. The California Affiliated Risk Management Authority (CARMA) is comprised of six member Joint Power Authorities and is organized under a Joint Powers Agreement pursuant to the California Government Code. Losses exceeding \$5 million up to \$20 million are covered through reinsurance. Within CSJVRMA's \$1 million retention, the City of Wasco selected a self-insured retention of \$25,000. The pool shares all losses exceeding a member's self-insured retention.

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

Workers' Compensation: The program is a risk sharing pool. The City self insures for the first \$500,000 of liability. Losses in excess of \$500,000, up to \$5 million are covered through CSJVRMA's participation in the Local Agency Workers' Compensation Excess Pool (LAWCX). which is comprised of 32 different Joint Power Authorities. For excess coverage, LAWCX is a member of the California State Association of Counties Excess Insurance Authority which provides coverage up to \$300 million.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

Note 11 – Public Entity Risk Pools, (continued)

Property Insurance: The City, through its membership in CSJVRMA participates in the Public Entity Property Insurance Program (PEPIP) along with other California public entities. PEPIP is a national property insurance program with several hundred members including the City of Wasco.

The PEPIP policy is an all-risk, replacement cost policy that covers: tax interruption; municipal bond revenue interruption; service interruption from public and private utilities for gas, electric, water and telecommunication; and vehicle comprehensive and collision. The CSJVRMA's deductible through PEPIP's is \$25,000. The City of Wasco's deductible is \$1,000 per occurrence. The program has a \$350,000,000 loss limit per occurrence.

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 2006/2007 was 20.857% 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 2006/2007, The City's annual pension costs of \$693,934 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, 2004, 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.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2007

Note 12 – Retirement Plan, (continued)

Three-Year Trend Information For The Plans

Miscellaneous Fund			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2005	\$ 394,260	100%	\$ -
6/30/2006	496,887	100%	-
6/30/2007	693,934	100%	-

Safety Fund			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2005	\$ -	0%	\$ -
6/30/2006	-	0%	-
6/30/2007	-	0%	-

Note 13 – Conduit Debt Obligations

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

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

Assessment Districts	Remaining Collections	Outstanding Debt Service
89-1 Barker	\$ 465,685	\$ 578,813
89-2 Tract 5071	496,736	493,375
89-3 Tract 4644	236,000	222,250
91-1 Barnhard	440,487	531,313
91-2A Summerfield	511,731	442,875
91-2B Summerfield	103,431	140,225
92-1 Industrial Park	2,960,575	2,960,575
93-1 Southside - Childress	1,522,576	1,516,775
Total	\$ 6,737,221	\$ 6,886,201

The "Remaining Collections" represents the sum of the remaining principal and interest for each active parcel after 2006/07 debt service has been billed.

During the year ended June 30, 2007, \$855,412 of bonds were retired.

The \$1,174,838 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, 2007

Note 14 – Contingent Liabilities

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.

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City of Wasco
REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2007

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

City of Wasco
REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2007

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, 2007

GENERAL FUND

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

MAJOR SPECIAL REVENUE FUNDS

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

MAJOR CAPITAL PROJECTS FUNDS

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

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

MAJOR DEBT SERVICE FUNDS

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

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

City of Wasco
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year ended June 30, 2007

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 3,789,400	\$ 3,939,400	\$ 3,894,640	\$ (44,760)
Licenses & Permits	372,000	401,500	355,066	(46,434)
Intergovernmental	90,000	44,500	10,457	(34,043)
Charges for Services	337,000	340,500	425,180	84,680
Fines, Forfeitures & Assessments	227,660	70,755	35,283	(35,472)
Use of Money or Property	36,000	86,000	74,019	(11,981)
Total Revenues	4,852,060	4,882,655	4,794,645	(88,010)
Expenditures:				
Current:				
General Government				
Council	139,050	138,050	113,242	(24,808)
Manager	378,020	369,820	397,139	27,319
Administrative	78,680	50,806	82,368	31,562
Finance & Accounting	185,010	161,220	125,869	(35,351)
Budget	110,030	119,430	116,225	(3,205)
Human Resources & Risk Managemen	198,040	222,340	217,669	(4,671)
Total General Government	1,088,830	1,061,666	1,052,512	(9,154)
Public Safety				
Sheriff	2,377,260	2,725,260	2,683,921	(41,339)
Animal Control	270,510	241,780	189,061	(52,719)
Total Public Safety	2,647,770	2,967,040	2,872,982	(94,058)
Community Development				
Planning	457,130	800,530	657,267	(143,263)
Engineering	268,670	253,845	222,032	(31,813)
Building Inspection	365,090	345,090	304,805	(40,285)
Total Community Development	1,090,890	1,399,465	1,184,104	(215,361)
Non Departmental				
Capital Outlay:	630,430	617,770	606,732	(11,038)
General Capital Outlay	227,250	135,135	152,922	17,787
Debt Service:				
Interest and Finance Charges	-	-	-	-
Total Expenditures	5,685,170	6,181,076	5,869,252	(311,824)
Excess of Revenues Over Expenditures	(833,110)	(1,298,421)	(1,074,607)	223,814
Other Financing Sources (Uses):				
Transfers In	289,140	289,140	221,787	(67,353)
Transfers Out	(36,120)	(36,120)	(12,083)	24,037
Total Other Financing Sources (Uses)	253,020	253,020	209,704	(43,316)
Net Change in Fund Balances	(580,090)	(1,045,401)	(864,903)	180,498
Fund Balances - Beginning	1,577,650	1,577,650	1,577,650	-
Fund Balances - Ending	\$ 997,560	\$ 532,249	\$ 712,747	\$ 180,498

City of Wasco
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
STREETS FUND
Year ended June 30, 2007

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 594,000	\$ 641,200	\$ 580,453	\$ (60,747)
Intergovernmental	4,584,260	5,232,905	1,414,284	(3,818,621)
Charges for Services	284,090	384,090	422,569	38,479
Use of Money or Property	5,000	10,000	15,025	5,025
Total Revenues	5,467,350	6,268,195	2,432,331	(3,835,864)
Expenditures:				
Current:				
Public Works	1,661,240	1,717,175	1,418,820	(298,355)
Capital Outlay:				
General Capital Outlay	-	112,432	237,472	125,040
Street Improvements	5,558,800	6,311,230	1,004,441	(5,306,789)
Total Expenditures	7,220,040	8,140,837	2,660,733	(5,480,104)
Excess of Revenues Over Expenditures	(1,752,690)	(1,872,642)	(228,402)	1,644,240
Other Financing Sources (Uses):				
Transfers In	1,631,110	1,724,201	1,320,900	(403,301)
Transfers Out	-	-	(756,384)	(756,384)
Loan Proceeds	-	-	108,195	108,195
Total Other Financing Sources (Uses)	1,631,110	1,724,201	672,711	(1,051,490)
Net Change in Fund Balances	(121,580)	(148,441)	444,309	592,750
Fund Balances - Beginning	395,372	395,372	395,372	-
Fund Balances - Ending	\$ 273,792	\$ 246,931	\$ 839,681	\$ 592,750

City of Wasco
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
RDA CAPITAL PROJECTS
Year ended June 30, 2007

	General Fund		
	Original & Final Budget	Actual	Actual Over (Under) Budget
Revenues:			
Use of Money or Property	\$ -	\$ 19,114	\$ 19,114
Misellaneous	-	7,272	7,272
Total Revenues	-	26,386	26,386
Expenditures:			
Community Development	812,160	523,579	(288,581)
Debt Service:			
Principal Retirement	-	345,448	345,448
Total Expenditures	812,160	869,027	56,867
Excess of Revenues Over (Under) Expenditures	(812,160)	(842,641)	(30,481)
Other Financing Sources (Uses):			
Transfers In (Out)	-	345,448	345,448
Loan Proceeds	-	345,448	345,448
Total Other Financing Sources (Uses)	-	690,896	690,896
Net Changes in Fund Balance	<u>\$ (812,160)</u>	<u>(151,745)</u>	<u>\$ 660,415</u>
Fund Balance - Beginning		<u>3,301,697</u>	
Fund Balance - Ending		<u>\$ 3,149,952</u>	

City of Wasco
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
RDA DEBT SERVICE
Year ended June 30, 2007

	General Fund		
	Original & Final Budget	Actual	Actual Over (Under) Budget
Revenues:			
Property Taxes	\$ 947,440	\$ 1,168,259	\$ 220,819
Use of Money or Property	7,500	7,263	(237)
Total Revenues	954,940	1,175,522	220,582
Expenditures:			
Community Development	16,320	10,275	(6,045)
Debt Service:			
Principal Retirement	175,000	165,000	(10,000)
Tax Increment Pass-Through Payments	212,660	297,652	84,992
Interest and Finance Charges	172,000	209,494	37,494
Total Expenditures	575,980	682,421	106,441
Excess of Revenues Over (Under) Expenditures	378,960	493,101	114,141
Other Financing Sources (Uses):			
Transfers In (Out)	(7,690)	(434,546)	(426,856)
Total Other Financing Sources (Uses)	(7,690)	(434,546)	(426,856)
Net Changes in Fund Balance	<u>\$ 371,270</u>	58,555	<u>\$ (312,715)</u>
Fund Balance - Beginning		<u>165,000</u>	
Fund Balance - Ending		<u>\$ 223,555</u>	

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.

Facilities Maintenance – Accounts for the maintenance and repair of all City owned buildings, structures, and facilities. The City does not prepare an annual budget for this fund.

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

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

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

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

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

2004 Cal Home Grant Fund – The City was awarded \$500,000 in funding through the 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.

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

2006 HOME Grant Fund – 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 the construction phase and then the Housing and Community Programs Department will maintain the 50 year reporting requirements of the grant.

2005 CDBG Grant Fund – Accounts for the Community Development Block Grant (CDBG) 2005 Grant funds. This is a \$1,500,000 Grant that spans three fiscal years. The first year was 2005-2006 with \$500,000 funded for the 12 inch water line project and supplemental funding for public safety vehicles. In 2006-2007 there is \$500,000 funded for road reconstruction in various locations and supplemental funding for public safety vehicles. In 2007-2008 there is \$500,000 additional road reconstruction in various locations and supplemental funding for public safety vehicles. The City does not prepare an annual budget for this fund.

CDBG Revolving Loan Fund – The City has received several rounds of funding from the Community Development Block Grants for low interest housing rehabilitation loans. As these funds pay back they are counted as program income for the CDBG Revolving Loan Fund. Funds accumulated within this fund are loaned back out for additional low interest housing rehabilitation loans in accordance with the City's agreement with the State Department for Housing and Community Development (HCD). These funds are also used in conjunction with CalHome funds in order to fund larger rehabilitation and reconstruction needs. The City does not prepare an annual budget for this fund.

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

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

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City of Wasco
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2007

	Shop Maintenance	TDA Streets	Lighting & Landscape	Emergency Response	Facilities Maintenance	Traffic Safety	Traffic Impact	1993 CDBG Grant Fund	COPS Grant Fund	2002 Cal Home Grant Fund	School Community Policing Ptshp.	CHFA Rehab Grant
Assets:												
Cash and Investments	\$ 23,514	\$ 17,729	\$ 62,722	\$ 2,801	\$ 3,858	\$ 134,414	\$ 538,060	\$ 75,750	\$ 31,227	\$ 215,146	\$ 9,573	\$ 199,637
Receivables, net	-	1,618	314	-	-	1,544	6,587	992	1,522	3,116	2	1,540
Prepaid Costs	2,377	-	1,588	-	1,085	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-	-	60,000	-	-
Notes Receivable	-	-	-	-	-	-	-	259,788	-	211,658	-	144,181
Total Assets	\$ 25,891	\$ 19,347	\$ 64,624	\$ 2,801	\$ 4,943	\$ 135,958	\$ 544,647	\$ 336,530	\$ 32,749	\$ 489,920	\$ 9,575	\$ 345,358
Liabilities:												
Accounts Payable	\$ 4,561	-	\$ 2,090	-	\$ 479	\$ 109	-	\$ 43	-	-	-	-
Accrued Liabilities	2,948	-	832	-	1,415	-	-	417	142	75	-	25
Due to Other Funds	8,517	-	-	-	4,463	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-	-	12,247	-	-	-
Total Liabilities	16,026	-	2,922	-	6,357	109	-	460	12,389	75	-	25
Fund Balances:												
Reserved For:												
Prepaid Costs	2,377	-	1,588	-	1,085	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	259,788	-	211,658	-	144,181
Unreserved:												
Undesignated	7,488	19,347	60,114	2,801	(2,499)	135,849	544,647	76,282	20,360	278,187	9,575	201,152
Total Fund Balances (Deficit)	9,865	19,347	61,702	2,801	(1,414)	135,849	544,647	336,070	20,360	489,845	9,575	345,333
Total Liabilities & Fund Balances	\$ 25,891	\$ 19,347	\$ 64,624	\$ 2,801	\$ 4,943	\$ 135,958	\$ 544,647	\$ 336,530	\$ 32,749	\$ 489,920	\$ 9,575	\$ 345,358

City of Wasco
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2007

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	2006 Cal Home Grant Fund	2006 HOME Grant Fund	2005 CDBG Grant Fund	CDBG Revolving Loan Fund	RDA Low and Moderate Income Housing	Public Financing Authority	Total Non-Major Special Revenue Funds
\$ 171,253	\$ 127,994	\$ 14,828	\$ 65,747	\$ 62,669	\$ 34,554	\$ 5,310	\$ 118,149	\$ 7,174	\$ 8,271	\$ -	\$ 374,365	\$ 19,305	\$ 2,324,050
416	-	-	949	2,500	-	8,791	-	-	-	-	-	-	29,891
-	-	-	800	-	-	-	-	-	-	400	-	-	6,250
-	-	-	-	-	-	-	800	-	-	-	-	-	60,800
243,229	-	-	411,513	137,756	444,584	-	-	-	-	-	35,000	-	1,887,709
\$ 414,898	\$ 127,994	\$ 14,828	\$ 479,009	\$ 202,925	\$ 479,138	\$ 14,101	\$ 118,949	\$ 7,174	\$ 8,271	\$ 400	\$ 409,365	\$ 19,305	\$ 4,308,700
\$ 143	\$ -	\$ -	\$ 10	\$ -	\$ -	\$ -	\$ 416	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,851
160	-	-	96	189	-	96	96	57	-	-	-	-	6,548
-	-	-	-	-	-	400	-	-	9,194	400	-	-	22,974
-	-	-	-	-	21,256	13,500	125,000	-	-	-	-	-	172,003
303	-	-	106	189	21,752	13,500	125,512	57	9,194	400	-	-	209,376
-	-	-	800	-	-	-	-	-	-	400	-	-	6,250
243,229	-	-	411,513	137,756	444,584	-	-	-	-	-	35,000	-	1,887,709
171,366	127,994	14,828	66,590	64,980	12,802	601	(6,563)	7,117	(923)	(400)	374,365	19,305	2,205,365
414,595	127,994	14,828	478,903	202,736	457,386	601	(6,563)	7,117	(923)	-	409,365	19,305	4,099,324
\$ 414,898	\$ 127,994	\$ 14,828	\$ 479,009	\$ 202,925	\$ 479,138	\$ 14,101	\$ 118,949	\$ 7,174	\$ 8,271	\$ 400	\$ 409,365	\$ 19,305	\$ 4,308,700

City of Wasco
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS)
NON-MAJOR SPECIAL REVENUE FUNDS
Year ended June 30, 2007

	Shop Maintenance	TDA Streets	Lighting & Landscape	Emergency Response	Facilities Maintenance	Traffic Safety	Traffic Impact	1993 CDBG Grant Fund	COPS Grant Fund	2002 Cal Home Grant Fund	School Community Policing Ptshp.	CHFA Rehab Grant
Revenues:												
Taxes	\$ -	\$ -	\$ 53,316	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	624,633	-	-	-	-	-	-	133,133	-	-	-
Charges for Services	18,819	-	-	-	-	-	128,922	-	-	4,567	-	-
Fines, Forfeitures & Assessments	-	-	-	-	-	28,359	-	-	-	-	-	-
Use of Money or Property	-	5,759	-	-	-	5,495	23,443	3,148	5,419	11,676	8	9,736
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	18,819	630,392	53,316	-	-	33,854	152,365	3,148	138,552	16,243	8	9,736
Expenditures:												
Current:												
Public Safety	-	-	-	-	-	-	-	-	16,737	-	-	-
Public Works	-	-	39,408	951	1,414	24,894	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	53,103	-	9,658	-	3,900
Capital Outlay:												
General Capital Outlay	21,766	-	511	-	-	-	-	1,298	30,240	-	-	-
Total Expenditures	21,766	-	39,919	951	1,414	24,894	-	54,401	46,977	9,658	-	3,900
Excess of Revenues Over Expenditures	(2,947)	630,392	13,397	(951)	(1,414)	8,960	152,365	(51,253)	91,575	6,585	8	5,836
Other Financing Sources (Uses):												
Transfers In	-	-	4,583	951	-	-	-	7,500	-	8,520	-	-
Transfers Out	-	(825,291)	-	-	-	-	(101,800)	(11,520)	(86,300)	-	-	-
Total Other Financing Sources (Uses)	-	(825,291)	4,583	951	-	-	(101,800)	(4,020)	(86,300)	8,520	-	-
Net Change in Fund Balances	(2,947)	(194,899)	17,980	-	(1,414)	8,960	50,565	(55,273)	5,275	15,105	8	5,836
Fund Balances - Beginning	12,812	214,246	43,722	2,801	-	126,889	494,082	391,343	15,085	474,740	9,567	339,497
Fund Balances - Ending	\$ 9,865	\$ 19,347	\$ 61,702	\$ 2,801	\$ (1,414)	\$ 135,849	\$ 544,647	\$ 336,070	\$ 20,360	\$ 489,845	\$ 9,575	\$ 345,333

City of Wasco
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS)
NON-MAJOR SPECIAL REVENUE FUNDS
Year ended June 30, 2007

2003 CDBG Grant Fund	Universal Hiring Grant - COPS	Universal Hiring Grant - Schools	2003 Cal Home Grant Fund	2004 CDBG Grant Fund	2004 Cal Home Grant Fund	Miscellaneous Grants	2006 Cal Home Grant Fund	2006 HOME Grant Fund	2005 CDBG Grant Fund	CDBG Revolving Loan Fund	RDA Low and Moderate Income Housing	Public Financing Authority	Total Non-Major Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,316
46,833	37,074	-	970	374,315	320,136	32,349	-	-	9,194	-	-	-	1,578,637
-	-	-	-	-	33,972	-	-	-	-	-	-	-	238,213
-	-	-	-	-	-	-	-	8,752	-	-	-	43,181	28,359
8,351	-	-	4,425	7,342	312	-	-	-	-	-	10,504	33,274	128,892
-	-	-	-	-	-	-	-	-	-	-	6,925	-	6,925
55,184	37,074	-	5,395	381,657	354,420	32,349	-	8,752	9,194	-	17,429	76,455	2,034,342
-	-	-	-	-	-	-	-	-	-	-	-	-	16,737
-	-	-	-	-	-	-	-	-	-	-	-	-	66,667
28,954	-	-	12,963	32,612	14,453	30,231	14,063	7,405	-	-	9,816	23,528	240,686
-	-	-	-	-	-	-	-	-	-	-	-	-	53,815
28,954	-	-	12,963	32,612	14,453	30,231	14,063	7,405	-	-	9,816	23,528	377,905
26,230	37,074	-	(7,568)	349,045	339,967	2,118	(14,063)	1,347	9,194	-	7,613	52,927	1,656,437
1,000	-	-	7,000	9,730	2,000	-	7,500	5,770	-	-	234,098	-	288,652
-	-	-	-	(233,446)	-	-	-	-	(10,117)	-	(30,000)	(163,889)	(1,462,363)
1,000	-	-	7,000	(223,716)	2,000	-	7,500	5,770	(10,117)	-	204,098	(163,889)	(1,173,711)
27,230	37,074	-	(568)	125,329	341,967	2,118	(6,563)	7,117	(923)	-	211,711	(110,962)	482,726
387,365	90,920	14,828	479,471	77,407	115,419	(1,517)	-	-	-	-	197,654	130,267	3,616,598
\$ 414,595	\$ 127,994	\$ 14,828	\$ 478,903	\$ 202,736	\$ 457,386	\$ 601	\$ (6,563)	\$ 7,117	\$ (923)	\$ -	\$ 409,365	\$ 19,305	\$ 4,099,324

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Charges for Services	\$ 24,500	\$ 28,104	\$ 18,819	\$ (9,285)
Total Revenues	24,500	28,104	18,819	(9,285)
Expenditures:				
Capital Outlay:				
General Capital Outlay	24,500	23,350	21,766	(1,584)
Total Expenditures	24,500	23,350	21,766	(1,584)
Net Change in Fund Balances	-	4,754	(2,947)	(7,701)
Fund Balances - Beginning	12,812	12,812	12,812	-
Fund Balances - Ending	\$ 12,812	\$ 17,566	\$ 9,865	\$ (7,701)

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Intergovernmental	\$ 300,000	\$ 624,632	\$ 624,633	\$ 1
Use of Money or Property	3,000	4,500	5,759	1,259
Total Revenues	303,000	629,132	630,392	1,260
Other Financing Sources (Uses):				
Transfers Out	(750,000)	(843,378)	(825,291)	18,087
Total Other Financing Sources (Uses)	(750,000)	(843,378)	(825,291)	18,087
Net Changes in Fund Balances	(447,000)	(214,246)	(194,899)	19,347
Fund Balances - Beginning	214,246	214,246	214,246	-
Fund Balances - Ending	\$ (232,754)	\$ -	\$ 19,347	\$ 19,347

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
LIGHTING & LANDSCAPE FUND
Year ended June 30, 2007

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 55,100	\$ 43,100	\$ 53,316	\$ 10,216
Total Revenues	55,100	43,100	53,316	10,216
Expenditures:				
Current:				
Public Works	20,900	16,400	39,408	23,008
Capital Outlay:				
General Capital Outlay	-	-	511	511
Total Expenditures	20,900	16,400	39,919	23,519
Excess of Revenues Over Expenditures	34,200	26,700	13,397	(13,303)
Other Financing Sources (Uses):				
Transfers In	5,000	5,000	4,583	(417)
Transfers Out	(39,200)	(31,700)	-	31,700
Total Other Financing Sources (Uses)	(34,200)	(26,700)	4,583	31,283
Net Change in Fund Balances	-	-	17,980	17,980
Fund Balances - Beginning	43,722	43,722	43,722	-
Fund Balances - Ending	\$ 43,722	\$ 43,722	\$ 61,702	\$ 17,980

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures:				
Current:				
Public Works	5,100	5,100	951	(4,149)
Capital Outlay:				
General Capital Outlay	12,200	5,000	-	(5,000)
Total Expenditures	17,300	10,100	951	(9,149)
Excess of Revenues Over Expenditures	(17,300)	(10,100)	(951)	9,149
Other Financing Sources (Uses):				
Transfers In	17,300	10,100	951	(9,149)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	17,300	10,100	951	(9,149)
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning	2,801	2,801	2,801	-
Fund Balances - Ending	\$ 2,801	\$ 2,801	\$ 2,801	\$ -

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of Money or Property	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures:				
Current:				
Public Works	-	-	1,414	1,414
Total Expenditures	-	-	1,414	1,414
Excess of Revenues Over Expenditures	-	-	(1,414)	(1,414)
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ -	\$ (1,414)	\$ (1,414)

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Fines, Forfeitures & Assessments	\$ 38,000	\$ 38,000	\$ 28,359	\$ (9,641)
Use of Money or Property	4,000	5,000	5,495	495
	<hr/>			
Total Revenues	42,000	43,000	33,854	(9,146)
Expenditures:				
Current:				
Public Works	42,000	43,000	24,894	(18,106)
	<hr/>			
Total Expenditures	42,000	43,000	24,894	(18,106)
	<hr/>			
Excess of Revenues Over Expenditures	-	-	8,960	8,960
Fund Balances - Beginning	126,889	126,889	126,889	-
	<hr/>			
Fund Balances - Ending	\$ 126,889	\$ 126,889	\$ 135,849	\$ 8,960
	<hr/> <hr/>			

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Charges for Services	\$ 100,000	\$ 100,000	\$ 128,922	\$ 28,922
Use of Money or Property	6,000	17,000	23,443	6,443
Total Revenues	106,000	117,000	152,365	35,365
Other Financing Sources (Uses):				
Transfers Out	(203,600)	(203,600)	(101,800)	101,800
Total Other Financing Sources (Uses)	(203,600)	(203,600)	(101,800)	101,800
Net Change in Fund Balances	(97,600)	(86,600)	50,565	137,165
Fund Balances - Beginning	494,082	494,082	494,082	-
Fund Balances - Ending	\$ 396,482	\$ 407,482	\$ 544,647	\$ 137,165

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, 2007

	<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	\$ 57,000	\$ 3,148	\$ (53,852)
Total Revenues	56,000	57,000	3,148	(53,852)
Expenditures:				
Current:				
Community Development	54,660	54,660	53,103	(1,557)
Capital Outlay:				
General Capital Outlay	1,500	1,500	1,298	(202)
Total Expenditures	56,160	56,160	54,401	(1,759)
Excess of Revenues Over Expenditures	(160)	840	(51,253)	(52,093)
Other Financing Sources (Uses):				
Transfers In	7,500	7,500	7,500	-
Transfers Out	(11,520)	(11,520)	(11,520)	-
Total Other Financing Sources (Uses)	(4,020)	(4,020)	(4,020)	-
Net Change in Fund Balances	(4,180)	(3,180)	(55,273)	(52,093)
Fund Balances - Beginning	391,343	391,343	391,343	-
Fund Balances - Ending	\$ 387,163	\$ 388,163	\$ 336,070	\$ (52,093)

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 133,133	\$ 33,133
Use of Money or Property	4,120	4,120	5,419	1,299
Total Revenues	104,120	104,120	138,552	34,432
Expenditures:				
Current:				
Public Safety	17,820	17,820	16,737	(1,083)
Capital Outlay:				
General Capital Outlay	-	30,240	30,240	-
Total Expenditures	17,820	48,060	46,977	(1,083)
Excess of Revenues Over Expenditures	86,300	56,060	91,575	35,515
Other Financing Sources (Uses):				
Transfers Out	(86,300)	(86,300)	(86,300)	-
Total Other Financing Sources (Uses)	(86,300)	(86,300)	(86,300)	-
Net Change in Fund Balances	-	(30,240)	5,275	35,515
Fund Balances - Beginning	18,085	15,085	15,085	-
Fund Balances - Ending	\$ 18,085	\$ (15,155)	\$ 20,360	\$ 35,515

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, 2007

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Charges for Services	\$ -	\$ -	\$ 4,567	\$ 4,567
Use of Money or Property	28,000	85,500	11,676	(73,824)
Total Revenues	28,000	85,500	16,243	(69,257)
Expenditures:				
Current:				
Community Development	41,020	106,020	9,658	(96,362)
Capital Outlay:				
General Capital Outlay	-	-	-	-
Total Expenditures	41,020	106,020	9,658	(96,362)
Excess of Revenues Over Expenditures	(13,020)	(20,520)	6,585	27,105
Other Financing Sources (Uses):				
Transfers In	13,020	13,020	8,520	(4,500)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	13,020	13,020	8,520	(4,500)
Net Change in Fund Balances	-	(7,500)	15,105	22,605
Fund Balances - Beginning	474,740	474,740	474,740	-
Fund Balances - Ending	\$ 474,740	\$ 467,240	\$ 489,845	\$ 22,605

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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of Money or Property	\$ -	\$ -	\$ 8	\$ 8
Total Revenues	-	-	8	8
Expenditures:				
Current:				
Public Safety	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	-	8	8
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	8	8
Fund Balances - Beginning	9,567	9,567	9,567	-
Fund Balances - Ending	<u>\$ 9,567</u>	<u>\$ 9,567</u>	<u>\$ 9,575</u>	<u>\$ 8</u>

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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Use of Money or Property	\$ 34,250	\$ 34,250	\$ 9,736	\$ (24,514)
Intergovernmental	-	-	-	-
Total Revenues	34,250	34,250	9,736	(24,514)
Expenditures:				
Current:				
Community Development	34,250	34,250	3,900	(30,350)
Total Expenditures	34,250	34,250	3,900	(30,350)
Excess of Revenues Over Expenditures	-	-	5,836	5,836
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	5,836	5,836
Fund Balances - Beginning	339,497	339,497	339,497	-
Fund Balances - Ending	\$ 339,497	\$ 339,497	\$ 345,333	\$ 5,836

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, 2007

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 46,833	\$ 46,833
Use of Money or Property	21,160	21,660	8,351	(13,309)
Total Revenues	21,160	21,660	55,184	33,524
Expenditures:				
Current:				
Community Development	22,160	42,260	28,954	(13,306)
Capital Outlay:				
General Capital Outlay	-	-	-	-
Total Expenditures	22,160	42,260	28,954	(13,306)
Excess of Revenues Over Expenditures	(1,000)	(20,600)	26,230	46,830
Other Financing Sources (Uses):				
Transfers In	1,000	1,000	1,000	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	1,000	1,000	1,000	-
Net Change in Fund Balances	-	(19,600)	27,230	46,830
Fund Balances - Beginning	387,365	387,365	387,365	-
Fund Balances - Ending	\$ 387,365	\$ 367,765	\$ 414,595	\$ 46,830

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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 37,074	\$ 37,074
Total Revenues	-	-	37,074	37,074
Expenditures:				
Current:				
Public Safety	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	-	37,074	37,074
Other Financing Sources (Uses):				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	37,074	37,074
Fund Balances - Beginning	90,920	90,920	90,920	-
Fund Balances - Ending	<u>\$ 90,920</u>	<u>\$ 90,920</u>	<u>\$ 127,994</u>	<u>\$ 37,074</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, 2007

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Total Revenues	-	-	-	-
Expenditures:				
Current:				
Public Safety	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	-	-	-
Other Financing Sources (Uses):				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning	14,828	14,828	14,828	-
Fund Balances - Ending	\$ 14,828	\$ 14,828	\$ 14,828	\$ -

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
2003 CAL-HOME GRANT FUND
Year ended June 30, 2007

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 970	\$ (49,030)
Charges for Services	6,730	6,730	-	(6,730)
Use of Money or Property	6,500	56,500	4,425	(52,075)
Total Revenues	63,230	113,230	5,395	(107,835)
Expenditures:				
Current:				
Community Development	65,230	70,230	12,963	(57,267)
Total Expenditures	65,230	70,230	12,963	(57,267)
Excess of Revenues Over Expenditures	(2,000)	43,000	(7,568)	(50,568)
Other Financing Sources (Uses):				
Transfers In	2,000	2,000	7,000	5,000
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	2,000	2,000	7,000	5,000
Net Change in Fund Balances	-	45,000	(568)	(45,568)
Fund Balances - Beginning	479,471	479,471	479,471	-
Fund Balances - Ending	\$ 479,471	\$ 524,471	\$ 478,903	\$ (45,568)

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, 2007

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 80,000	\$ 202,000	\$ 374,315	\$ 172,315
Charges for Services	8,910	8,910	-	(8,910)
Use of Money or Property	6,000	11,000	7,342	(3,658)
Total Revenues	94,910	221,910	381,657	159,747
Expenditures:				
Current:				
Community Development	107,910	241,510	32,612	(208,898)
Total Expenditures	107,910	241,510	32,612	(208,898)
Excess of Revenues Over Expenditures	(13,000)	(19,600)	349,045	368,645
Other Financing Sources (Uses):				
Transfers In	13,000	13,000	9,730	(3,270)
Transfers Out	-	(10,000)	(233,446)	(223,446)
Total Other Financing Sources (Uses)	13,000	3,000	(223,716)	(226,716)
Net Change in Fund Balances	-	(16,600)	125,329	141,929
Fund Balances - Beginning	77,407	77,407	77,407	-
Fund Balances - Ending	\$ 77,407	\$ 60,807	\$ 202,736	\$ 141,929

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, 2007

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 250,000	\$ 327,000	\$ 320,136	\$ (6,864)
Charges for Services	8,930	20,030	33,972	13,942
Use of Money or Property	1,500	1,500	312	(1,188)
Total Revenues	260,430	348,530	354,420	5,890
Expenditures:				
Current:				
Community Development	268,930	345,930	14,453	(331,477)
Total Expenditures	268,930	345,930	14,453	(331,477)
Excess of Revenues Over Expenditures	(8,500)	2,600	339,967	337,367
Other Financing Sources (Uses):				
Transfers In	8,500	8,500	2,000	(6,500)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	8,500	8,500	2,000	(6,500)
Net Change in Fund Balances	-	11,100	341,967	330,867
Fund Balances - Beginning	115,419	115,419	115,419	-
Fund Balances - Ending	\$ 115,419	\$ 126,519	\$ 457,386	\$ 330,867

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 32,349	\$ (27,651)
Total Revenues	60,000	60,000	32,349	(27,651)
Expenditures:				
Current:				
Community Development	60,000	60,000	30,231	(29,769)
Total Expenditures	60,000	60,000	30,231	(29,769)
Excess of Revenues Over Expenditures	-	-	2,118	2,118
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	2,118	2,118
Fund Balances - Beginning	(1,517)	(1,517)	(1,517)	-
Fund Balances - Ending	\$ (1,517)	\$ (1,517)	\$ 601	\$ 2,118

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
2006 CAL-HOME GRANT FUND
Year ended June 30, 2007

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 150,000	\$ 150,000	\$ -	\$ (150,000)
Charges for Services	10,950	10,950	-	(10,950)
Use of Money or Property	-	-	-	-
Total Revenues	160,950	160,950	-	(160,950)
Expenditures:				
Current:				
Community Development	168,450	168,450	14,063	(154,387)
Total Expenditures	168,450	168,450	14,063	(154,387)
Excess of Revenues Over Expenditures	(7,500)	(7,500)	(14,063)	(6,563)
Other Financing Sources (Uses):				
Transfers In	7,500	7,500	7,500	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	7,500	7,500	7,500	-
Net Change in Fund Balances	-	-	(6,563)	(6,563)
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ -	\$ (6,563)	\$ (6,563)

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
2006 HOME GRANT FUND
Year ended June 30, 2007

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for Services	5,000	5,000	8,752	3,752
Use of Money or Property	-	-	-	-
Total Revenues	5,000	5,000	8,752	3,752
Expenditures:				
Current:				
Community Development	10,770	10,770	7,405	(3,365)
Total Expenditures	10,770	10,770	7,405	(3,365)
Excess of Revenues Over Expenditures	(5,770)	(5,770)	1,347	7,117
Other Financing Sources (Uses):				
Transfers In	5,770	5,770	5,770	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	5,770	5,770	5,770	-
Net Change in Fund Balances	-	-	7,117	7,117
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ -	\$ 7,117	\$ 7,117

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
2005 CDBG GRANT FUND
Year ended June 30, 2007

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 9,194	\$ 9,194
Charges for Services	-	-	-	-
Use of Money or Property	-	-	-	-
Total Revenues	-	-	9,194	9,194
Expenditures:				
Current:				
Community Development	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	-	9,194	9,194
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	(10,117)	(10,117)
Total Other Financing Sources (Uses)	-	-	(10,117)	(10,117)
Net Change in Fund Balances	-	-	(923)	(923)
Fund Balances - Beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ -	\$ (923)	\$ (923)

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
RDA LOW AND MODERATE INCOME HOUSING
Year ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of Money or Property	\$ -	\$ -	\$ 10,504	\$ 10,504
Miscellaneous	-	-	6,925	6,925
Total Revenues	-	-	17,429	17,429
Expenditures:				
Current:				
Community Development	57,080	57,080	9,816	(47,264)
Total Expenditures	57,080	57,080	9,816	(47,264)
Excess of Revenues Over Expenditures	(57,080)	(57,080)	7,613	64,693
Other Financing Sources (Uses):				
Transfers In	152,690	152,690	234,098	81,408
Transfers Out	-	-	(30,000)	(30,000)
Total Other Financing Sources (Uses)	152,690	152,690	204,098	51,408
Net Change in Fund Balances	95,610	95,610	211,711	116,101
Fund Balances - Beginning	197,654	197,654	197,654	-
Fund Balances - Ending	\$ 293,264	\$ 293,264	\$ 409,365	\$ 116,101

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, 2007

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Assets:				
Cash and Investments	\$ 2,998,177	\$ 715,222	\$ (3,044,641)	\$ 668,758
Investments with Fiscal Agents - Restricted	493,283	7,391	-	500,674
Receivables	25,324	-	(19,918)	5,406
Interfund Receivables	20,336	-	(20,336)	-
Total Assets	\$ 3,537,120	\$ 722,613	\$ (3,084,895)	\$ 1,174,838
Liabilities:				
Due to Bondholders	\$ 3,537,120	\$ 682,359	\$ (3,044,641)	1,174,838
Total Liabilities	\$ 3,537,120	\$ 682,359	\$ (3,044,641)	\$ 1,174,838

STATISTICAL SECTION

This part of the City of Wasco’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time</i>	103
Revenue Capacity <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	109
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	113
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	116
Operating information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	118

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 1,697,784	\$ 7,271,823	\$ 9,282,757	\$ 9,920,572	\$ 10,321,011
Restricted	33,736	454,128	-	-	-
Unrestricted	3,008,562	1,998,259	4,146,304	5,550,028	5,635,602
Total governmental activities net assets	<u>\$ 4,740,082</u>	<u>\$ 9,724,210</u>	<u>\$ 13,429,061</u>	<u>\$ 15,470,600</u>	<u>\$ 15,956,613</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ (500,474)	\$ 2,872,131	\$ 2,745,984	\$ 3,995,704	\$ 11,672,049
Restricted	2,274,650	2,850,967	2,765,250	3,408,935	3,549,601
Unrestricted	(3,410,201)	(3,466,106)	(2,469,080)	(2,128,531)	1,347,821
Total business-type activities net assets	<u>\$ (1,636,025)</u>	<u>\$ 2,256,992</u>	<u>\$ 3,042,154</u>	<u>\$ 5,276,108</u>	<u>\$ 16,569,471</u>
Primary government					
Invested in capital assets, net of related debt	\$ 1,197,310	\$ 10,143,954	\$ 12,028,741	\$ 13,916,276	\$ 21,993,060
Restricted	2,308,386	3,305,095	2,765,250	3,408,935	3,549,601
Unrestricted	(401,639)	(1,467,847)	1,677,224	3,421,497	6,983,423
Total primary government net assets	<u>\$ 3,104,057</u>	<u>\$ 11,981,202</u>	<u>\$ 16,471,215</u>	<u>\$ 20,746,708</u>	<u>\$ 32,526,084</u>

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

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$ 991,642	\$ 975,433	\$ 1,113,205	\$ 828,505	\$ 1,617,100
Public safety	1,914,842	2,126,447	2,715,804	2,633,693	3,331,662
Public works	896,723	1,557,534	1,056,748	1,552,356	1,781,623
Community development	844,130	583,308	764,896	1,115,011	1,941,075
Interest on long-term debt	239,953	289,953	10,260	215,937	217,746
Total governmental activities expenses	<u>4,887,290</u>	<u>5,532,675</u>	<u>5,660,913</u>	<u>6,345,502</u>	<u>8,889,206</u>
Business-type activities:					
Water reclamation and sewer	1,193,518	1,382,290	1,365,625	1,308,610	1,476,178
Water utility	1,047,739	1,011,590	1,046,063	1,143,306	1,496,483
Refuse collection and disposal	1,037,197	1,072,572	1,211,532	1,379,554	1,677,105
Golf course	158,658	194,651	192,660	197,672	37,919
Public transportation	179,335	227,434	205,823	205,342	417,049
CNG Fueling Station	-	-	-	65	60,446
Total business-type activities expenses	<u>3,616,447</u>	<u>3,888,537</u>	<u>4,021,703</u>	<u>4,234,549</u>	<u>5,165,180</u>
Total primary government expenses	<u>\$ 8,503,737</u>	<u>\$ 9,421,212</u>	<u>\$ 9,682,616</u>	<u>\$ 10,580,051</u>	<u>\$ 14,054,386</u>
Program Revenues					
Governmental activities:					
Charges for service:					
General government	\$ 181,370	\$ 71,666	\$ 75,283	\$ 79,049	\$ 102,515
Public safety	238,387	312,962	347,346	375,852	375,115
Public works	81,428	584,476	386,155	351,148	856,014
Community development	109,437	38,467	198,994	394,214	298,143
Operating contributions and grants	223,001	337,520	519,744	377,824	1,121,182
Capital contributions and grants	347,750	71,245	2,431,596	1,545,108	1,211,349
Total governmental activities program revenues	<u>1,181,373</u>	<u>1,416,336</u>	<u>3,959,118</u>	<u>3,123,195</u>	<u>3,964,318</u>
Business-type activities:					
Charges for service:					
Water reclamation and sewer	1,513,606	1,748,885	1,929,329	2,192,149	2,086,823
Water utility	1,335,985	1,469,311	1,662,442	2,056,043	2,480,917
Refuse collection and disposal	1,256,222	1,357,344	1,465,586	1,478,915	1,515,649
Golf course	101,368	22,643	44,087	6,407	-
Public transportation	197,405	224,222	344,939	251,125	430,468
CNG Fueling Station	-	-	-	3,470	31,183
Operating contributions and grants	37,583	23,169	23,480	24,631	-
Capital contributions and grants	-	31,000	-	175,340	31,000
Total business-type activities program revenues	<u>4,442,169</u>	<u>4,876,574</u>	<u>5,469,863</u>	<u>6,188,080</u>	<u>6,576,040</u>
Total primary government program revenues	<u>\$ 5,623,542</u>	<u>\$ 6,292,910</u>	<u>\$ 9,428,981</u>	<u>\$ 9,311,275</u>	<u>\$ 10,540,358</u>
Net (expense)/revenue	\$ (3,705,917)	\$ (4,116,339)	\$ (1,701,795)	\$ (3,222,307)	\$ (4,924,888)
Governmental activities	<u>825,722</u>	<u>988,037</u>	<u>1,448,160</u>	<u>1,953,531</u>	<u>1,410,860</u>
Business-type activities	<u>(2,880,195)</u>	<u>(3,128,302)</u>	<u>(253,635)</u>	<u>(1,268,776)</u>	<u>(3,514,028)</u>
Total primary government net expense	<u>\$ (2,054,473)</u>	<u>\$ (2,140,265)</u>	<u>\$ (805,475)</u>	<u>\$ (315,245)</u>	<u>\$ (1,103,168)</u>

	Fiscal Year				
	2003	2004	2005	2006	2007
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 775,744	\$ 706,330	\$ 1,010,786	\$ 1,402,667	\$ 1,811,417
Sales taxes	816,805	831,975	878,882	1,026,058	1,169,916
Franchise taxes	208,699	222,737	234,247	251,062	273,391
Motor vehicle in-lieu taxes	1,290,557	1,198,138	1,356,345	1,701,399	1,817,415
State allocation of gas taxes	911,540	850,894	669,361	1,011,718	1,037,907
Transient occupancy taxes	9,887	12,928	13,555	17,435	21,025
Unrestricted investment earnings	79,264	23,355	48,875	39,613	144,174
Gain on sale of inventory	-	166,594	33,900	10,121	-
Miscellaneous	63,475	143,133	87,498	84,196	196,091
Transfers	612,940	582,171	662,998	(280,423)	(1,060,435)
Change in accounting estimates	-	5,066,329	410,199	-	-
Total governmental activities	4,768,911	9,804,584	5,406,646	5,263,846	5,410,901
Business-type activities:					
Unrestricted investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	8,819,068 ¹
Transfers	(612,940)	(582,171)	(662,998)	280,423	1,060,435
Change in accounting estimates	-	3,487,151	-	-	-
Total business-type activities	(612,940)	2,904,980	(662,998)	280,423	9,879,503
Total primary government	4,155,971	12,709,564	4,743,648	5,544,269	15,290,404
Change in Net Assets					
Governmental activities	\$ 1,062,994	\$ 5,688,245	\$ 3,704,851	\$ 2,041,539	\$ 486,013
Business-type activities	212,782	3,893,017	785,162	2,233,954	11,290,363
Total primary government	\$ 1,275,776	\$ 9,581,262	\$ 4,490,013	\$ 4,275,493	\$ 11,776,376

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

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

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Vehicle In-Lieu Tax	State Allocation of Gas Tax	Transient Occupancy Tax	Total
2003	\$ 775,744	\$ 816,805	\$ 208,699	\$ 1,290,557	\$ 911,540	\$ 9,887	\$ 4,013,232
2004	706,330	831,975	222,737	1,198,138	850,894	12,928	\$ 3,823,002
2005	1,010,786	878,882	234,247	1,356,345	669,361	13,555	\$ 4,163,176
2006	1,402,667	1,026,058	251,062	1,701,399	1,011,718	17,435	\$ 5,410,339
2007	1,811,417	1,169,916	273,391	1,817,415	1,037,907	21,025	\$ 6,131,071

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

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

	Fiscal Year				
	2003	2004	2005	2006	2007
General fund					
Reserved	\$ 128,416	\$ 128,416	\$ -	\$ -	\$ 25,027
Unreserved	517,530	932,916	1,266,472	1,577,650	687,720
Total general fund	<u>\$ 645,946</u>	<u>\$ 1,061,332</u>	<u>\$ 1,266,472</u>	<u>\$ 1,577,650</u>	<u>\$ 712,747</u>
All other governmental funds					
Reserved	\$ 13,870,022	\$ 3,746,498	\$ 4,661,977	\$ 4,672,928	\$ 4,767,098
Unreserved, reported in:					
Special revenue funds	345,574	1,286,476	1,636,394	1,971,503	3,038,799
Capital projects funds	152,627	260,234	240,628	834,236	458,060
Debt service funds	-	-	-	-	48,555
Total all other governmental funds	<u>\$ 14,368,223</u>	<u>\$ 5,293,208</u>	<u>\$ 6,538,999</u>	<u>\$ 7,478,667</u>	<u>\$ 8,312,512</u>

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

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Revenues					
Taxes	\$ 3,525,308	\$ 3,375,002	\$ 3,928,812	\$ 4,933,573	\$ 5,696,668
Licenses and permits	210,026	282,409	329,765	371,835	355,066
Fines, forfeitures and assessments	84,588	69,069	39,017	50,985	3,003,378
Use of money or property	160,287	237,948	155,930	258,800	1,085,962
Intergovernmental	1,095,171	1,585,106	2,596,561	2,493,475	63,642
Charges for services	282,968	340,835	577,381	628,728	244,313
Miscellaneous	-	-	-	-	14,197
Total revenues	<u>5,358,348</u>	<u>5,890,369</u>	<u>7,627,466</u>	<u>8,737,396</u>	<u>10,463,226</u>
Expenditures					
General government	544,252	615,026	816,192	757,396	1,052,512
Public safety	1,675,487	1,900,766	2,338,510	2,250,832	2,889,719
Public works	789,687	801,401	898,191	1,120,427	1,485,487
Community development	1,074,219	778,682	887,110	1,468,682	1,958,644
Non departmental	388,915	325,695	305,999	277,202	606,732
Capital outlay	232,466	747,004	1,155,555	952,509	1,448,650
Debt service					
Principal	135,000	124,426	209,767	160,000	510,448
Interest	296,519	275,052	228,207	219,079	209,494
Other charges	-	-	-	-	297,652
Total expenditures	<u>5,136,545</u>	<u>5,568,052</u>	<u>6,839,531</u>	<u>7,206,127</u>	<u>10,459,338</u>
Excess of revenues over (under) expenditures	221,803	322,317	787,935	1,531,269	3,888
Other financing sources (uses)					
Transfers in	1,065,574	1,570,813	1,683,752	1,616,917	2,321,787
Transfers out	(452,634)	(988,642)	(1,020,754)	(1,897,340)	(2,810,376)
Loan proceeds	-	-	-	-	453,643
Total other financing sources (uses)	612,940	582,171	662,998	(280,423)	(34,946)
Net change in fund balances	<u>\$ 834,743</u>	<u>\$ 904,488</u>	<u>\$ 1,450,933</u>	<u>\$ 1,250,846</u>	<u>\$ (31,058)</u>
Debt service as a percentage of noncapital expenditures	8.80%	8.29%	7.71%	6.06%	11.29%

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

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

Fiscal Year	Real Property				Personal Property Unsecured Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Industrial Property	Other Property				
1998	\$ 168,706,251	\$ 28,481,892	\$ 13,008,619	13,932,161	\$ 15,643,106	\$ -	\$ 239,772,029	4.17
1999	179,425,290	29,694,596	24,515,790	13,863,856	8,050,447	-	255,549,979	2.78
2000	187,639,106	30,109,437	25,241,002	15,223,901	8,683,880	-	266,897,326	2.84
2001	197,340,887	34,785,419	24,627,863	15,115,640	9,798,540	(1,744)	281,666,605	2.73
2002	208,586,782	36,362,305	24,863,523	14,635,558	9,865,801	(35,331)	294,278,638	2.74
2003	215,040,647	51,883,848	12,658,765	15,754,157	10,411,744	(619,817)	305,129,344	2.70
2004	241,650,696	51,084,016	4,805,347	23,593,710	9,500,145	(596,393)	330,037,521	2.45
2005	250,204,533	52,289,623	8,611,090	25,899,684	9,223,450	(619,675)	345,608,705	2.54
2006	280,722,875	57,792,213	12,081,256	29,485,770	11,429,075	(49,384)	391,461,805	2.96
2007	331,758,057	62,099,887	18,350,449	50,175,007	11,401,146	(90,183)	473,694,363	3.26

Source: Kern County Auditor Controller's Office

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

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

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
City Direct Rate:	0.0908	0.0908	0.0908	0.0908	0.0908	0.0908	0.0908	0.0908	0.0908	0.0908
Overlapping Rates										
Kern County Cemetery No1	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142
Kern County Advertising	0.0006	0.0006	0.0006	0.0006	0.0006	0.0006	0.0006	0.0006	0.0006	0.0006
Education	0.0181	0.0181	0.0181	0.0181	0.0181	0.0181	0.0181	0.0181	0.0181	0.0181
Education Revenue Augmentation Fund	0.1552	0.1552	0.1552	0.1552	0.1552	0.1552	0.1552	0.1552	0.1552	0.1552
Kern County Fire Department	0.0861	0.0861	0.0861	0.0861	0.0861	0.0861	0.0861	0.0861	0.0861	0.0861
Kern County Community College	0.0551	0.0551	0.0551	0.0551	0.0551	0.0551	0.0551	0.0551	0.0551	0.0551
Kern County	0.1628	0.1628	0.1628	0.1628	0.1628	0.1628	0.1628	0.1628	0.1628	0.1628
Kern County Water Agency	0.0059	0.0059	0.0059	0.0059	0.0059	0.0059	0.0059	0.0059	0.0059	0.0059
Kern County Mosquito Abatement	0.0074	0.0074	0.0074	0.0074	0.0074	0.0074	0.0074	0.0074	0.0074	0.0074
Wasco High School District	0.1655	0.1655	0.1655	0.1655	0.1655	0.1655	0.1655	0.1655	0.1655	0.1655
Wasco Recreation & Parks District	0.0470	0.0470	0.0470	0.0470	0.0470	0.0470	0.0470	0.0470	0.0470	0.0470
Wasco Union Elementary School District	0.1913	0.1913	0.1913	0.1913	0.1913	0.1913	0.1913	0.1913	0.1913	0.1913
Total Direct & Indirect Property Tax	1.0000									
Overlapping Debt Assessment Rates										
Kern County Cemetery District: Stid #1	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0118	0.0092	0.0096	0.0000
Kern County Cemetery District: Stid 03A Rfd	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0037
Kern County Cemetery District: Stid 2003B	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0016
Shafter-Wasco Irrigation District: Debt	0.3125	0.3125	0.3125	0.3125	0.3125	0.3125	0.3125	0.3125	0.3125	0.3125
Wasco Union Elementary School District: 2004A	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0033
Wasco Union Elementary School District: 2001A	0.0000	0.0000	0.0000	0.0000	0.0000	0.0294	0.0327	0.0366	0.0349	0.0267
Total Overlapping Debt Assessment Rates	0.3125	0.3125	0.3125	0.3125	0.3125	0.3419	0.3570	0.3583	0.3570	0.3477
Total Tax Rates:	1.3125	1.3125	1.3125	1.3125	1.3125	1.3419	1.3570	1.3583	1.3570	1.3477

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

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

City of Wasco
Principal Property Taxpayers
June 30, 2007

Taxpayer	2006				1997			
	Taxable Assessed Value	Rank	Estimated Total Tax	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Estimated Total Tax	Percentage of Total Taxable Assessed Value
Certis USA LLC	\$ 13,048,789	1	\$ 107,128	2.52%	-	-	-	-
Sunnygen LLC	12,114,937	2	95,820	2.34%	-	-	-	-
Savage Industries Inc.	8,321,332	3	50,227	1.61%	-	-	-	-
James & Monica Adams	1,074,796	4	11,137	0.21%	-	-	-	-
Sarno Sarno Test Trust	6,393,360	5	8,100	1.23%	-	-	-	-
Wasco Partners LLC	7,800,000	6	6,937	1.50%	-	-	-	-
West Family Trust	767,233	7	6,718	0.15%	619,813	9	6,198	0.25%
Low Bros Hay Service Inc.	779,042	8	6,609	0.15%	-	-	-	-
Howard Hay Company Inc.	818,575	9	6,474	0.16%	-	-	-	-
Lotus Development Limited Partnership	727,229	10	6,035	0.14%	-	-	-	-
Newco Corporation	-	-	-	-	9,356,303	1	93,563	3.78%
Sandoz Agro Inc	-	-	-	-	7,223,141	2	72,231	2.92%
Childress Revocable Living Trust	-	-	-	-	1,215,383	3	11,334	0.49%
San Joaquin Crops Company Inc.	-	-	-	-	960,243	4	9,602	0.39%
Sandoz Crop Protection Corporation	-	-	-	-	801,855	5	8,019	0.32%
Jeffries Bros. Inc.	-	-	-	-	681,911	6	6,819	0.28%
Western Ag Investment Inc.	-	-	-	-	638,812	7	6,388	0.26%
Petrini Construction Company	-	-	-	-	631,068	8	6,311	0.26%
Kenneth M. & Pamela L. Byrum	-	-	-	-	528,692	10	5,287	0.21%

Source: HdL Coren & Cone, Kern County Assessor 1997/98 Combined Tax Rolls, Kern County Assessor 2006/07 Combined Tax Rolls

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal year of the Levy		Collections in Subsequent Years		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy
1998	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1999	333,042	310,399	93%	1,183		311,582	94%
2000	311,762	296,214	95%	222		296,436	95%
2001	311,801	308,787	99%	(20,972)		287,815	92%
2002	322,190	318,491	99%	20,965		339,456	105%
2003	335,078	332,246	99%	647		332,893	99%
2004	353,858	348,587	99%	757		349,344	99%
2005	417,794	414,428	99%	4,908		419,336	100%
2006	493,785	492,111	100%	7,339		499,450	101%
2007	571,639	564,574	99%			564,574	99%

Source: Kern County Auditor Controllers Office

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

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

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Gov.	Percentage of Personal Income ¹	Per Capita ¹	
	General Obligation Bonds	Tax Allocation Bonds	Revenue Bonds	Capital Leases	Other Long-Term Debt	Compen-sated Absences	Revenue Bonds	Notes Payable	Capital Leases	Compen-sated Absences				
1998														
1999														
2000														
2001														
2002														
2003	\$ -	\$ 2,890,000	\$ 555,000	\$ -	\$ 103,820	\$ 67,009	\$ 4,574,936	\$ 42,533	\$ 34,746	\$ 18,468,044	5.39%	\$ 841		
2004	-	2,810,795	532,800	-	398,799	87,210	4,341,846	-	44,628	18,246,078	5.12%	819		
2005	-	2,685,795	507,800	-	342,000	43,721	4,166,550	-	40,285	17,641,151	4.66%	772		
2006	-	2,550,795	482,800	-	342,000	43,721	3,889,773	-	40,285	17,019,374	4.15%	718		
2007	-	2,410,795	457,800	108,195	342,000	83,837	3,606,926	196,532	70,516	7,896,601	1.81%	327		

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

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

¹ See the Schedule of Demographic and Economic Statistics for personal income and population data.

City of Wasco
Direct and Overlapping Governmental Activities Debt
As of June 30, 2007

	Total Debt 6/30/2007	% Applicable(1)	City's Share of Debt 6/30/07
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Kern Community College District Safety, Repair and Improvement District	\$121,641,213	0.60%	\$731,064
Wasco Union School District	6,319,127	53.045	3,351,981
City of Wasco 1915 Act Bonds	5,170,000	100	5,170,000
Kern Community College District Assessment District	6,090,000	0.655	39,890
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$9,292,935
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Kern County Certificates of Participation	\$54,735,000	0.55%	\$302,137
Kern County Pension Obligations	481,611,067	0.552	2,658,493
Kern County Board of Education Certificates of Participation	57,110,000	0.552	315,247
Kern County Joint Community College District Certificates of Participation	85,015,000	0.544	462,482
Wasco Union High School District Certificates of Participation	220,000	12.615	27,753
City of Wasco	0	100	0
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$3,766,112
COMBINED TOTAL DEBT			\$13,059,047 (2)

(1) Percentage of overlapping agency's valuation located within boundaries of the city.
(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2006-07 Assessed Valuation:
Total Overlapping Tax and Assessment Debt 1.96%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt 0.00%
Combined Total Debt 3.53%

STATE SCHOOL-BUILDING AID REPAYABLE AS OF 6/30/07:
\$0

Source: California Municipal Statistics, Inc.

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

Fiscal Year	Wastewater Revenue Bonds and Notes Payable					Coverage
	Wastewater Charges and Other	Less: Operating Expenses	Net Available Revenues	Debt Service Principal	Debt Service Interest	
2003	\$ 1,322,279	\$ 582,919	\$ 739,360	\$ 376,814	\$ 185,192	1.32
2004	1,421,537	767,115	654,422	388,514	172,304	1.17
2005	1,435,674	771,700	663,974	398,088	161,186	1.19
2006	1,580,222	730,257	849,965	413,948	148,215	1.51
2007	1,541,492	904,760	636,732	424,962	134,906	1.14

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

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

City of Wasco
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year ¹	City Population	County Population	Personal Income in Thousands ²	Per Capita Personal Income ²	School Enrollment ⁴	Unemployment Rate ⁵
1998	20,450	639,800	\$ 407,098.15	\$ 19,907.00	3,971	21.9%
1999	20,650	637,227	\$ 412,463.10	\$ 19,974.00	4,042	20.7%
2000	21,263	658,935	\$ 444,928.28	\$ 20,925.00	4,023	20.6%
2001	21,450	686,000	\$ 466,601.85	\$ 21,753.00	4,141	19.6%
2002	21,700	687,600	\$ 489,508.60	\$ 22,558.00	4,165	18.3%
2003	22,250	702,837	\$ 514,842.75	\$ 23,139.00	4,431	19.2%
2004	22,858	724,883	\$ 550,123.49	\$ 24,067.00	4,613	18.5%
2005	23,708	753,070	\$ 592,676.29	\$ 24,999.00	4,743	15.7%
2006	24,303	779,869	\$ 634,692.50	\$ 26,115.81	4,893	14.4%
2007	24,156 *	801,648	\$ 657,725.32	\$ 27,228.24	4,971	15.3%**

¹Dates reflect calendar years January through December

²Source: Bureau of Economic Analysis 1996-2005, adjusted for CPI 2006-2007

³Source: US Census Bureau, Population 25 years and over

⁴Source: California Department of Education

⁵Source: California Employment Development Dept.

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

**Average January through October

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

Employer	2007			2000		
	Number of Employees	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment*
Wasco State Prison	1,481	1	22.78%	1,300	1	23.53%
Jackson & Perkins	850	2	13.08%	-	-	-
Wasco Union Elementary School District	353	3	5.43%	360	3	6.52%
Wasco Union High School District	148	4	2.28%	121	4	2.19%
K-Mart	140	5	2.15%	100	5	1.81%
SunnyGem	120	6	1.85%	-	-	-
City of Wasco	82	7	1.26%	50	7	0.90%
Thermo-Trilogy	70	8	1.08%	-	-	-
Semi-Tropic Water Storage District	39	9	0.60%	34	8	0.62%
Save Mart Supermarket	32	10	0.49%	34	9	0.62%
Bear Creek Production	-	-	-	1,100	2	19.91%
Certis	-	-	-	70	6	1.27%
Savage Coal Service Company	-	-	-	35	10	0.63%
Total	3,315		51.00%	3,204		57.99%

Source: City of Wasco, Wasco Chamber of Commerce

* Total city employment in 2000 was not available. It was estimated at 85% of 2007 total city employment.

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

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government	12.40	11.40	13.50	13.00	14.75	14.88	16.35	18.75	17.18	28.52
Public Safety										
Police officers and staff ¹			1.00							
Firefighters and officers ²										
Highways and streets										
Engineering	1.25	1.25	2.25	3.25	3.38	2.30	1.30	1.00	1.35	2.70
Maintenance	8.00	8.00	8.50	8.25	7.75	7.45	6.95	7.70	12.96	15.56
Community development	-	-	-	-	1.75	1.50	2.40	2.19	3.15	2.45
Public Transit	2.10	2.10	2.50	2.50	2.50	2.65	3.20	2.55	2.56	3.35
CNG Fueling Station	-	-	-	-	-	-	-	-	-	0.10
Sanitation	6.00	8.00	9.00	9.75	8.80	10.00	10.11	10.51	11.55	14.64
Water	4.25	4.25	4.25	4.00	6.05	5.55	5.36	5.76	5.94	7.77
Sewer	4.00	4.00	3.50	4.25	3.65	4.80	5.13	5.53	5.43	7.26
Total	38.00	39.00	44.50	45.00	48.63	49.13	50.80	53.99	60.12	82.35

Source: City of Wasco

¹ Police Services are provided by Kern County under a service contract.

² Fire Services are provided by Kern County under a service contract.

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

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
City Manager										
Ordinances passed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7	35	40
Resolutions processed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	110	85	90
Public hearings noticed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	65	110	100
Finance & accounting										
A/P checks processed	n/a	n/a	1,900	1,850	2,200	2,421	2,376	2,507	2,700	2,700
Payroll checks processed	n/a	n/a	1,000	1,100	1,200	1,426	1,516	1,619	1,802	1,802
Purchase orders issued						776	860	1,151	1,306	1,306
Planning										
Residential site plans	n/a	n/a	n/a	n/a	n/a	n/a	140	300	326	400
Combined site plans	n/a	n/a	n/a	n/a	n/a	n/a	25	12	9	10
Engineering										
Completed projects	n/a	n/a	n/a	n/a	n/a	n/a	4	6	10	11
Police Department										
Calls responded to	n/a	10,672	12,195	15,263	16,698	18,296	16,367	16,786	17,502	18,741
Traffic citations issued	n/a	1,597	1,495	1,674	1,427	1,807	1,986	1,128	1,166	2,431
Animal Services										
Animals processed	n/a	n/a	n/a	n/a	n/a	1,286	1,286	1,131	1,304	1,111
Animals adopted/returned	n/a	n/a	n/a	n/a	n/a	721	721	710	480	383
Building Inspection										
Permits requested	n/a	n/a	n/a	n/a	n/a	n/a	434	600	596	754
Inspections completed	n/a	n/a	n/a	n/a	n/a	n/a	2,400	4,273	4,800	5,200
Code Compliance										
Cases	n/a	n/a	n/a	n/a	n/a	n/a	1,460	1,490	1,460	1,490
Streets & roads										
Street signs replaced	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100	85	140
Sq. Feet of graffiti removed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	5,800	10,000	8,246
Miles of street rejuvenated	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	9	4
Public Transit										
Total customers	n/a	n/a	n/a	n/a	n/a	22,600	n/a	n/a	26,053	31,386
Total Mileage	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	34,084	40,666
Wastewater										
Effluent BOD requirement	n/a	n/a	n/a	n/a	n/a	n/a	n/a	98%	100%	100%
Suspended solids requirement	n/a	n/a	n/a	n/a	n/a	n/a	n/a	99%	100%	100%
Dissolved oxygen level requirement	n/a	n/a	n/a	n/a	n/a	n/a	n/a	99%	100%	100%
Sewage overflow	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-	-	-
Water										
Pumping cost per MGAL	n/a	\$ 180	\$ 170	\$ 160	\$ 175	\$ 275	\$ 275	\$ 250	\$ 240	\$ 225
Million gallons pumped	n/a	1,200	1,300	1,375	1,400	1,400	1,425	1,500	1,425	1,450
Sanitation										
Traffic accidents	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1	-	-
Landfill trips	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,964	3,200	4,216

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

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

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police Department										
Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	n/a	n/a	45.24	45.24	53.43	53.43	53.43	53.43	66.01	66.84
Streetlights	n/a	n/a	564	564	564	578	624	624	624	693
Traffic Signals	n/a	n/a	-	-	-	-	1	1	1	2
Parks and Recreation	1									
Parks	1	n/a	-	-	-	-	1	1	2	2
Water										
Water lines (miles)	n/a	n/a	42.00	49.12	49.32	58.45	58.45	58.45	59.98	60.51
City well sites	n/a	n/a	5	5	6	6	6	6	6	6
Fire hydrants	n/a	n/a	421	425	440	440	440	449	461	461
Wastewater										
Sanitary sewers (miles)	n/a	n/a	15.23	15.23	15.89	16.02	17.45	17.45	17.45	18.00
Storm sewers (miles)	n/a	n/a	11.22	11.47	12.56	12.56	12.89	14.44	14.44	14.44
Treatment capacity (mgd)	n/a	n/a	3	3	3	3	3	3	3	3
Public Transit										
Dial-a-ride busses	n/a	n/a	2	2	1	2	2	2	3	4
Sanitation										
Collection trucks	n/a	n/a	4	4	4	6	5	6	6	7

Source: City of Wasco

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

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



INCORPORATED 1945