

CITY OF WASCO, CALIFORNIA

FINANCIAL STATEMENTS

For The Year Ending June 30, 2014

City of Wasco

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Independent Auditor's Report

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

Report on the Financial Statements

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 City of Wasco, California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 *Government 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wasco, California's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.A. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2015, on our consideration of the City of Wasco, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Wasco, California's internal control over financial reporting and compliance.

Albert & Associates, LLP

Wasco, California
February 17, 2015

City of Wasco
STATEMENT OF NET POSITION
June 30, 2014

	Governmental Activities	Business-Type Activities	Total
Assets:			
Current Assets:			
Cash and Investments	\$ 6,855,649	\$ 16,906,554	\$ 23,762,203
Receivables, net	646,437	406,899	1,053,336
Prepaid Expenses	21,447	19,980	41,427
Due from RDA Successor Agency	-	-	-
Internal Balances	(79)	79	-
Total Current Assets	7,523,454	17,333,512	24,856,966
Noncurrent Assets:			
Capital Assets:			
Land	869,474	287,323	1,156,797
Construction in Progress	620,632	241,248	861,880
Depreciable Buildings, Property, Equipment and Infrastructure, net of accumulated depreciation	17,955,585	22,537,129	40,492,714
Notes Receivable	6,496,497	18,101	6,514,598
Total Noncurrent Assets	25,942,188	23,083,801	49,025,989
Total Assets	33,465,642	40,417,313	73,882,955
Liabilities:			
Current Liabilities:			
Accounts Payable	1,826,657	146,378	1,973,035
Accrued Liabilities	84,803	19,205	104,008
Deposits Received	-	81,390	81,390
Unearned Revenue	89,340	111,995	201,335
Compensated Absences	49,572	36,310	85,882
Bonds and Notes Payable Due Within One Year	-	249,667	249,667
Total Current Liabilities	2,050,372	644,945	2,695,317
Noncurrent Liabilities:			
Bonds and Notes Payable Due in More Than One Year	-	1,348,841	1,348,841
Compensated Absences	84,406	61,825	146,231
Total Noncurrent Liabilities	84,406	1,410,666	1,495,072
Total Liabilities	2,134,778	2,055,611	4,190,389
Net Position:			
Invested in Capital Assets, net of related debt	19,445,691	21,467,192	40,912,883
Restricted For:			
Streets and Roads	2,505,463	-	2,505,463
Community Development	7,393,317	-	7,393,317
Capital Projects	-	3,077,636	3,077,636
Debt Service	-	477,710	477,710
Unrestricted (Deficit)	1,986,393	13,339,164	15,325,557
Net Position	\$ 31,330,864	\$ 38,361,702	\$ 69,692,566

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

City of Wasco
STATEMENT OF ACTIVITIES
Year ended June 30, 2014

Functions / Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 61,734	\$ 365,237	\$ -	\$ -	\$ 303,503	\$ -	\$ 303,503
Public Safety	3,630,058	57,096	116,921	-	(3,456,041)	-	(3,456,041)
Public Works	2,008,312	88,412	-	1,203,196	(716,704)	-	(716,704)
Community Development	979,811	300,294	1,536,119	-	856,602	-	856,602
Interest on Long-Term Debt	-	-	-	-	-	-	-
Total Governmental Activities	6,679,915	811,039	1,653,040	1,203,196	(3,012,640)	-	(3,012,640)
Business-Type Activities:							
Water Reclamation and Sewer	1,737,410	2,583,734	-	-	-	846,324	846,324
Water Utility	2,235,737	10,588,531	-	-	-	8,352,794	8,352,794
Refuse Collection and Disposal	2,282,833	2,648,532	-	-	-	365,699	365,699
Public Transportation	313,170	158,075	139,651	-	-	(15,444)	(15,444)
CNG Fueling Station	118,214	73,542	-	-	-	(44,672)	(44,672)
Total Business-Type Activities	6,687,364	16,052,414	139,651	-	-	9,504,701	9,504,701
Total	\$ 13,367,279	\$ 16,863,453	\$ 1,792,691	\$ 1,203,196	\$ (3,012,640)	\$ 9,504,701	\$ 6,492,061
General Revenues:							
Taxes:							
Property Tax					534,898	-	534,898
Sales Tax					1,036,893	-	1,036,893
Franchise Tax					284,147	-	284,147
State Allocation of Gas Tax					1,905,453	-	1,905,453
Other Taxes					276,484	-	276,484
Intergovernmental, Unrestricted:							
Motor Vehicle In-lieu Tax					1,792,520	-	1,792,520
Total Taxes					5,830,395	-	5,830,395
Unrestricted Investment Earnings					18,065	-	18,065
Miscellaneous Revenue					19,948	-	19,948
Transfers					13,098	(13,098)	-
Loss on Sale of Capital Assets					-	-	-
Total General Revenues and Transfers					5,881,506	(13,098)	5,868,408
Change in Net Position					2,868,866	9,491,603	12,360,469
Net Position - Beginning					28,461,998	28,870,099	57,332,097
Net Position - Ending					\$ 31,330,864	\$ 38,361,702	\$ 69,692,566

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

City of Wasco
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2014

	General	Streets	TDA	2005 HCD Fund	RDA Low Income Housing	Non-Major Governmental Funds	Total Government
Assets:							
Cash and Investments	\$ 3,495,501	\$ 1,210,387	\$ -	\$ -	\$ 11,837	\$ 2,137,924	\$ 6,855,649
Receivables, net	334,734	302,105	-	-	9,513	85	646,437
Prepaid Costs	13,331	5,688	-	-	-	2,428	21,447
Due from Other Funds	132,108	-	-	-	47,647	73,317	253,072
Notes Receivable	-	-	-	950,000	1,005,742	4,540,755	6,496,497
Total Assets	\$ 3,975,674	\$ 1,518,180	\$ -	\$ 950,000	\$ 1,074,739	\$ 6,754,509	\$ 14,273,102
Liabilities:							
Accounts Payable	\$ 1,758,104	\$ 43,403	\$ -	\$ -	\$ -	\$ 25,150	\$ 1,826,657
Accrued Liabilities	69,383	15,420	-	-	-	-	84,803
Deposits Received	-	-	-	-	-	-	-
Due to Other Funds	21,728	92,202	-	-	-	139,221	253,151
Unearned Revenue	74,355	12,428	-	-	-	2,557	89,340
Total Liabilities	1,923,570	163,453	-	-	-	166,928	2,253,951
Deferred Inflows of Resources:							
Unavailable Revenue	-	-	-	950,000	1,005,742	4,540,755	6,496,497
Total Deferred Inflows of Resources	-	-	-	950,000	1,005,742	4,540,755	6,496,497
Fund Balances:							
Nonspendable:							
Prepaid Costs	13,331	5,688	-	-	-	2,428	21,447
Restricted:							
Community Development	-	-	-	-	-	745,090	745,090
Streets and Transportation	-	1,349,039	-	-	-	1,217,800	2,566,839
Low and Moderate Income Housing	-	-	-	-	68,997	-	68,997
Other Purposes	-	-	-	-	-	155,962	155,962
Assigned:							
General Reserve	2,038,773	-	-	-	-	-	2,038,773
Community Development	-	-	-	-	-	29,191	29,191
Unassigned	-	-	-	-	-	(103,645)	(103,645)
Total Fund Balances (Deficit)	2,052,104	1,354,727	-	-	68,997	2,046,826	5,522,654
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,975,674	\$ 1,518,180	\$ -	\$ 950,000	\$ 1,074,739	\$ 6,754,509	\$ 14,273,102

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 POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION June 30, 2014

Fund balances of governmental funds		\$ 5,522,654
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>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 Position includes those capital assets among the assets of the City as a whole.</p>		
Beginning Balance, net of depreciation	\$ 17,967,784	
Current Year Additions	2,204,115	
Current Year Depreciation	<u>(726,208)</u>	
Ending Balance, net of depreciation		19,445,691
<p>Long-term assets that are not available to pay for current-period expenditures are considered deferred revenue for the Government Funds Balance Sheet. However, these assets are included in the Statement of Net Position.</p>		
		6,496,497
<p>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 Position.</p>		
Compensated Absences	(133,978)	
Long-Term Debt	<u>-</u>	
Total Long-Term Liabilities		<u>(133,978)</u>
Net position of governmental activities		<u>\$ 31,330,864</u>

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

City of Wasco
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS) – GOVERNMENTAL FUNDS
Year ended June 30, 2014

	General	Streets	TDA	2005 HCD Fund	RDA Low Income Housing	Non-Major Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ 3,789,462	\$ -	\$ -	\$ -	\$ -	\$ 880,114	\$ 4,669,576
Licenses & Permits	236,346	1,468	-	-	-	-	237,814
Intergovernmental	219,739	1,190,728	1,160,820	-	-	420,768	2,992,055
Charges for Services	455,288	-	-	-	-	94,627	549,915
Fines, Forfeitures & Assessments	58,741	-	-	-	-	23,598	82,339
Use of Money or Property	17,812	2,773	-	-	202	33,926	54,713
Loan Payments	-	-	-	-	1,622	136,541	138,163
Miscellaneous	9,881	2,182	-	-	-	-	12,063
Total Revenues	4,787,269	1,197,151	1,160,820	-	1,824	1,589,574	8,736,638
Expenditures:							
Current:							
General Government	376,568	-	-	-	-	-	376,568
Public Safety	3,627,521	-	-	-	-	-	3,627,521
Public Works	-	1,326,859	-	-	-	156,809	1,483,668
Community Development	422,543	-	-	-	132	125,814	548,489
Non Departmental	157,171	-	-	-	-	-	157,171
Capital Outlay:							
General Capital Outlay	41,342	168,500	-	-	-	77,350	287,192
Street Improvements	-	1,778,896	-	-	-	-	1,778,896
Debt Service:							
Principal Retirement	50,000	-	-	-	-	-	50,000
Tax Increment Pass-Through Payments	-	-	-	-	-	-	-
Interest and Finance Charges	-	-	-	-	-	-	-
Total Expenditures	4,675,145	3,274,255	-	-	132	359,973	8,309,505
Excess of Revenues Over (Under) Expenditures	112,124	(2,077,104)	1,160,820	-	1,692	1,229,601	427,133
Other Financing Sources (Uses):							
Transfers In	355,644	2,053,240	-	-	47,647	194,708	2,651,239
Transfers Out	(63,385)	(251,906)	(1,211,532)	-	-	(1,111,318)	(2,638,141)
Sale of Capital Assets	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	292,259	1,801,334	(1,211,532)	-	47,647	(916,610)	13,098
Net Change in Fund Balances	404,383	(275,770)	(50,712)	-	49,339	312,991	440,231
Fund Balances - Beginning	1,647,721	1,630,497	50,712	-	19,658	1,733,835	5,082,423
Fund Balances - Ending	\$ 2,052,104	\$ 1,354,727	\$ -	\$ -	\$ 68,997	\$ 2,046,826	\$ 5,522,654

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, 2014

Net change in fund balance - total governmental funds	\$	440,231
Amounts reported for governmental activities in the statement of activities are different because:		
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 (\$2,204,115) exceeded depreciation (\$726,208) in the current period.		1,477,907
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 Position.		50,000
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.		(996)
Earned long-term assets not available to pay for current-period expenditures are not recognized as revenue in the government funds. Revenue in the Statement of Activities is not limited by availability. This adjustment is the amount by which unavailable deferred revenue at the beginning of the year (\$5,594,773) is exceeded by unavailable deferred revenue at the end of the year (\$6,496,497)		<u>901,724</u>
Change in net position of governmental activities	\$	<u><u>2,868,866</u></u>

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

City of Wasco
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2014

	Water Reclamation and Sewer	Water Utility	Refuse Collection and Disposal	Public Transportation	CNG Fueling Station	Total Proprietary
Assets:						
Current Assets:						
Cash and Investments	\$ 5,276,207	\$ 10,533,718	\$ 887,907	\$ 208,722	\$ -	\$ 16,906,554
Receivables, net	146,206	102,316	152,515	-	5,862	406,899
Prepaid Expenses	4,031	5,736	8,831	1,326	56	19,980
Notes Receivable	-	18,101	-	-	-	18,101
Due from Other Funds	-	21,015	257,547	5,241	-	283,803
Total Current Assets	5,426,444	10,680,886	1,306,800	215,289	5,918	17,635,337
Noncurrent Assets:						
Advance to Other Funds	269,835	-	-	-	-	269,835
Capital Assets:						
Land	213,349	12,174	30,900	30,900	-	287,323
Construction in Progress	241,248	-	-	-	-	241,248
Depreciable Buildings, Property, Equipment and Infrastructure, net of accumulated depreciation	11,772,514	7,684,272	787,838	1,092,814	1,199,691	22,537,129
Total Noncurrent Assets	12,496,946	7,696,446	818,738	1,123,714	1,199,691	23,335,535
Total Assets	\$ 17,923,390	\$ 18,377,332	\$ 2,125,538	\$ 1,339,003	\$ 1,205,609	\$ 40,970,872
Liabilities:						
Current Liabilities:						
Accounts Payable	\$ 18,134	\$ 100,710	\$ 19,943	\$ 5,303	\$ 2,288	\$ 146,378
Customer Deposits	-	80,818	572	-	-	81,390
Accrued Interest Payable	18,446	-	759	-	-	19,205
Accrued Compensated Absences	7,349	11,756	15,358	1,787	60	36,310
Unearned Revenue	-	-	-	111,995	-	111,995
Current Portion of Long-Term Debt	249,667	-	-	-	-	249,667
Due to Other Funds	243,000	-	-	-	40,724	283,724
Total Current Liabilities	536,596	193,284	36,632	119,085	43,072	928,669
Noncurrent Liabilities:						
Accrued Compensated Absences	12,513	20,018	26,149	3,043	102	61,825
Notes Payable	1,348,841	-	-	-	-	1,348,841
Advance from Other Funds	-	-	269,835	-	-	269,835
Total Noncurrent Liabilities	1,361,354	20,018	295,984	3,043	102	1,680,501
Total Liabilities	1,897,950	213,302	332,616	122,128	43,174	2,609,170
Net Position:						
Invested in Capital Assets, net of related debt	10,628,603	7,696,446	818,738	1,123,714	1,199,691	21,467,192
Restricted For:						
Capital Projects (expendable)	2,650,913	392,066	34,657	-	-	3,077,636
Debt Service (expendable)	477,710	-	-	-	-	477,710
Unrestricted	2,268,214	10,075,518	939,527	93,161	(37,256)	13,339,164
Net Position	\$ 16,025,440	\$ 18,164,030	\$ 1,792,922	\$ 1,216,875	\$ 1,162,435	\$ 38,361,702

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

City of Wasco
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year ended June 30, 2014

	Water Reclamation and Sewer	Water Utility	Refuse Collection and Disposal	Public Transportation	CNG Fueling Station	Total Proprietary
Operating Revenues:						
Charges for Services	\$ 2,301,186	\$ 2,352,041	\$ 2,635,444	\$ 26,333	\$ 73,542	\$ 7,388,546
Rental Income	87,965	-	-	-	-	87,965
Cost Recoveries	2,119	-	7,341	-	-	9,460
Miscellaneous	-	-	-	-	-	-
Total Operating Revenues	2,391,270	2,352,041	2,642,785	26,333	73,542	7,485,971
Operating Expenses:						
Wages and Benefits	597,905	673,278	991,183	142,240	5,309	2,409,915
Administration	371,787	487,219	750,572	22,619	16,405	1,648,602
Materials and Supplies	78,009	96,815	132,801	24,015	22,165	353,805
Maintenance and Repair	75,041	64,412	209,054	38,351	37,991	424,849
Utilities	101,234	570,722	4,706	2,642	9,104	688,408
Depreciation	464,074	343,291	192,384	83,304	27,240	1,110,293
Total Operating Expenses	1,688,050	2,235,737	2,280,700	313,171	118,214	6,635,872
Operating Income (Loss)	703,220	116,304	362,085	(286,838)	(44,672)	850,099
Nonoperating Revenues (Expenses):						
Interest Income	27,614	14,328	1,554	296	-	43,792
Local Transportation Funding	-	-	-	271,098	-	271,098
Grants	-	-	4,193	-	-	4,193
Connection Fees	164,850	194,585	-	-	-	359,435
Interest Expense	(49,360)	-	(2,133)	-	-	(51,493)
Donated Capital	-	-	-	-	-	-
Legal Settlement	-	8,027,577	-	-	-	8,027,577
Total Nonoperating Revenues (Expenses)	143,104	8,236,490	3,614	271,394	-	8,654,602
Income (Loss) Before Transfers	846,324	8,352,794	365,699	(15,444)	(44,672)	9,504,701
Transfers:						
Transfers In	-	-	-	-	-	-
Transfers Out	(13,098)	-	-	-	-	(13,098)
Change in Net Position	833,226	8,352,794	365,699	(15,444)	(44,672)	9,491,603
Net Position - Beginning	15,192,214	9,811,236	1,427,223	1,232,319	1,207,107	28,870,099
Net Position - Ending	\$ 16,025,440	\$ 18,164,030	\$ 1,792,922	\$ 1,216,875	\$ 1,162,435	\$ 38,361,702

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

City of Wasco
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2014

	Water Reclamation and Sewer	Water Utility	Refuse Collection and Disposal	Public Transportation	CNG Fueling Station	Total Proprietary
Cash flows from operating activities:						
Cash received from:						
Customers, including cash deposits	\$ 2,297,091	\$ 2,389,560	\$ 2,674,624	\$ 26,333	\$ 106,031	\$ 7,493,639
Rental activities	87,965	-	-	-	-	87,965
Prior year reimbursements and cost recoveries	2,119	-	7,341	-	-	9,460
Cash paid to:						
Suppliers	(620,944)	(1,213,212)	(1,121,512)	(85,913)	(84,749)	(3,126,330)
Employees	(594,730)	(670,472)	(995,791)	(142,270)	(5,486)	(2,408,749)
Net cash provided (used) by operating activities	<u>1,171,501</u>	<u>505,876</u>	<u>564,662</u>	<u>(201,850)</u>	<u>15,796</u>	<u>2,055,985</u>
Net cash provided from noncapital financing activities:						
Cash transferred from other funds	45,694	-	-	-	-	45,694
Cash transferred to other funds	(13,098)	(21,015)	(60,517)	(5,241)	(15,796)	(115,667)
Connection fees	164,850	194,585	-	-	-	359,435
Subsidy from TDA revenues	-	-	-	288,925	-	288,925
Subsidy from grants	-	-	-	-	-	-
Proceeds from legal settlement	-	8,027,577	-	-	-	8,027,577
Net cash provided (used) by noncapital financing activities	<u>197,446</u>	<u>8,201,147</u>	<u>(60,517)</u>	<u>283,684</u>	<u>(15,796)</u>	<u>8,605,964</u>
Cash flows from capital and related financing activities:						
Principal payments:						
Notes	(446,375)	-	-	-	-	(446,375)
Interest paid	(53,958)	-	(1,374)	-	-	(55,332)
Purchase of capital assets	(168,090)	(112,292)	(256,616)	(10,812)	-	(547,810)
Net cash provided (used) by capital and related financing activities	<u>(668,423)</u>	<u>(112,292)</u>	<u>(257,990)</u>	<u>(10,812)</u>	<u>-</u>	<u>(1,049,517)</u>
Cash flows from investing activities:						
Interest received	27,614	14,328	1,554	296	-	43,792
Loans to others	-	(18,101)	-	-	-	(18,101)
Net cash provided by investing activities	<u>27,614</u>	<u>(3,773)</u>	<u>1,554</u>	<u>296</u>	<u>-</u>	<u>25,691</u>
Net increase (decrease) in cash	728,138	8,590,958	247,709	71,318	-	9,638,123
Cash and cash equivalents - Beginning of year	4,548,069	1,942,760	640,198	137,404	-	7,268,431
Cash and cash equivalents - End of year	<u>\$ 5,276,207</u>	<u>\$ 10,533,718</u>	<u>\$ 887,907</u>	<u>\$ 208,722</u>	<u>\$ -</u>	<u>\$ 16,906,554</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	\$ 703,220	\$ 116,304	\$ 362,085	\$ (286,838)	\$ (44,672)	\$ 850,099
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	464,074	343,291	192,384	83,304	27,240	1,110,293
(Increase) decrease in accounts receivable	(4,095)	42,271	39,180	-	32,489	109,845
(Increase) decrease in prepaid expenses	(4,031)	(5,323)	(8,831)	(1,326)	(56)	(19,567)
Increase (decrease) in accounts payable	9,158	11,279	(15,548)	3,040	972	8,901
Increase (decrease) in customer deposits	-	(4,752)	-	-	-	(4,752)
Increase (decrease) in accrued compensated absences	3,175	2,806	(4,608)	(30)	(177)	1,166
Net cash provided (used) by operating activities	<u>\$ 1,171,501</u>	<u>\$ 505,876</u>	<u>\$ 564,662</u>	<u>\$ (201,850)</u>	<u>\$ 15,796</u>	<u>\$ 2,055,985</u>

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

City of Wasco
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	RDA Successor Agency Private Purpose Trust Fund	Wasco Public Financing Authority Agency Fund
Assets:		
Cash and Investments	\$ 446,282	\$ 388,891
Investments with Fiscal Agents - Restricted	-	462,236
Receivables, Net	-	-
Accrued Interest Receivable	-	119
Deferred Charges	132,735	-
Land Held for Resale	553,088	-
	<u>1,132,105</u>	<u>851,246</u>
Total Assets	\$ 1,132,105	\$ 851,246
Liabilities:		
Accounts Payable	-	482
Accrued Liabilities	23,784	-
Due to Other Funds	-	-
Bonds Payable	1,320,000	850,764
	<u>1,343,784</u>	<u>851,246</u>
Total Liabilities	1,343,784	\$ 851,246
Net Position:		
Held in Trust for Retirement of Obligations of the Former Wasco Redevelopment Agency	<u>\$ (211,679)</u>	

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

City of Wasco
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Five Months Ended June 30, 2014

	RDA Successor Agency Private Purpose Trust Fund
Additions:	
Property Taxes	\$ 846,288
Miscellaneous	-
Total Additions	846,288
Deductions:	
Enforceable Obligations	-
Administration	250,000
Bond Interest Expense	-
Amortization of Bond Issuance Costs	117,289
Total Deductions	367,289
Change in Net Position	478,999
Net Position - Beginning	(690,678)
Net Position - Ending	\$ (211,679)

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

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

Note 1 – Summary of Significant Accounting Policies

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

A - Reporting Entity

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

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

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

Blended Component Units

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

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

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

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

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

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

Fund Financial Statements

The accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, 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, 2014

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

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

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

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

Proprietary Funds

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

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

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

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

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

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

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

Fiduciary Fund

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

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

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 position.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

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

Basis of Accounting

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

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

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

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

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

Cash and Investments

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

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

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

California Government Code authorizes the Agency to invest in the following types of investments:

<u>Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Specified % Of Portfolio</u>	<u>Minimum Quality Requirements</u>
Local Agency Bonds	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
State Obligations	5 Years	None	None
CA Local Agency Obligations	5 Years	None	None
U.S. Agency Obligations	5 Years	None	None
Bankers' Acceptance	180 Days	40%	None
Commercial Paper - Select Agencies	270 Days	25%	A-1
Commercial Paper - Other Agencies	270 Days	40%	A-1
Negotiable Certificates of Deposit	5 Years	30%	None
CD Placement Service	5 Years	30%	None
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 Days	20%	None
Medium-Term Notes	5 Years	30%	A
Mutual and Money Market Fund	N/A	20%	Multiple
Collateralized Bank Deposits	5 Years	None	None
Mortgage Pass-Through Securities	5 Years	20%	AA
Bank/Time Deposits	5 Years	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None

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

For purposes of the Combined Statement of Cash Flows for the Proprietary fund types, cash and cash equivalents includes all pooled cash investments, non-pooled restricted cash and restricted investments with an original maturity of three months or less. The City considers the investments held in LAIF 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.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

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

Property Taxes

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

Prepaid Items

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

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.

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

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

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

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

Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Initial-issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bonds 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.

Net Position

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

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

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports \$13,454,126 of restricted net position, of which \$10,376,490 is restricted externally by grantors, creditors, or laws or regulations of other governments and \$3,077,636 is restricted by enabling legislation.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

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

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

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

Fund Balance – Government Funds

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

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

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

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

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

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

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

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

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

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, 2014

Note 2 – Cash and Investments

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

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

Pooled Cash and Investments - Government Funds	\$ 6,855,649
Pooled Cash and Investments - Business-Type Funds	16,906,554
Fiduciary Funds:	
Cash and Investments - WPFA Agency	388,891
Restricted Investments - WPFA Agency	462,236
Cash and Investments - RDA Successor Private Purpose Trust	446,282
Total	\$ 25,059,612

Cash and investments at June 30, 2014 consist of the following:

Cash on Hand	\$ 1,500
Demand Deposits	2,363,391
Investments	22,694,721
Total	\$ 25,059,612

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 that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2014, all of the Agency's deposits with financial institutions in excess of federal depository insurance limits were held in fully collateralized accounts, as permitted by the California Government Code.

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

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

Note 2 – Cash and Investments, (continued)

Investments:

The City had the following investments at June 30, 2014:

Investment Type	Fair Value	Maturity Date
State Treasurer's Investment Pool (LAIF)	\$ 21,105,131	N/A
Central San Joaquin Valley RMA Pool (CSJVRMA)	1,127,354	N/A
Held by Trustees:		
Money Market Funds	462,236	N/A
Total Investments	\$ 22,694,721	

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

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

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

Credit rating risk – The City is required to disclose the credit quality ratings of investments in debt securities as issued by nationally recognized statistical rating organizations (NRSROs). At June 30, 2014, the Credit ratings for the money market funds and investments in LAIF and CSJVRMA were unavailable. The City has no investment policy for credit risk.

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

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

Note 2 – Cash and Investments, (continued)

Custodial credit risk – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). The City has no investment policy for custodial credit risk.

Restricted Investments with Fiscal Agents

Fiduciary Fund Activities:

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

\$ 462,236

Note 3 – Receivables

Receivables at June 30, 2014 consist of the following:

	General Fund	Streets	TDA	2005 HCD Fund	RDA Low Income Housing	Non-Major Governmental Funds	Total Governmental
Governmental Activities:							
Accounts receivable, net	\$ 122,183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,183
Interest receivable	-	-	-	-	-	-	-
Taxes receivable, net	212,551	-	-	-	-	-	212,551
Due from governments	-	302,105	-	-	9,513	85	311,703
Allowance for doubtful accounts	-	-	-	-	-	-	-
Total	<u>\$ 334,734</u>	<u>\$ 302,105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,513</u>	<u>\$ 85</u>	<u>\$ 646,437</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	\$ 146,206	\$ 102,316	\$ 152,515	\$ -	\$ 5,862	\$ 406,899	
Interest receivable	-	-	-	-	-	-	
Due from governments	-	-	-	-	-	-	
Allowance for doubtful accounts	-	-	-	-	-	-	
Total	<u>\$ 146,206</u>	<u>\$ 102,316</u>	<u>\$ 152,515</u>	<u>\$ -</u>	<u>\$ 5,862</u>	<u>\$ 406,899</u>	

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

Note 4 – Interfund Receivables, Payables, Advances and Transfers

Interfund receivables and payables at June 30, 2014 consisted of the following:

Fund	Due From Other Funds	Due To Other Funds
Government Funds:		
General Fund	\$ 132,108	\$ 21,728
Streets	-	92,202
RDA Low Income Housing	47,647	-
Non-Major Funds	73,317	139,221
Total Governmental Funds	253,072	253,151
Proprietary Funds:		
Water Reclamation and Sewer	-	243,000
Water Utility	21,015	-
Refuse Collection and Disposal	257,547	-
Public Transportation	5,241	-
CNG Fueling Station	-	40,724
Total Proprietary Funds	283,803	283,724
Fiduciary Funds:		
RDA Successor Private Purpose	-	-
Total Fiduciary Funds	-	-
Total Due From/To	\$ 536,875	\$ 536,875

The above balances represent short term loans between funds for cash shortages or expenditures and are expected to be reimbursed within one year.

Interfund advances at June 30, 2014 consisted of the following:

Fund	Advanced From	Advanced To
Proprietary Funds:		
Water Reclamation and Sewer	\$ 269,835	\$ -
Refuse Collection and Disposal	-	269,835
Total Proprietary Funds	269,835	269,835
Total Advances	\$ 269,835	\$ 269,835

The above balances represent money advanced for the purchase of a sanitation truck and curbside trash containers. The advance is scheduled to be paid back over the next six years.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

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

Interfund transfers at June 30, 2014 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 355,644	\$ 63,385
Street Fund	2,053,240	251,906
TDA	-	1,211,532
RDA Low Income Housing	47,647	-
Non-Major Funds	194,708	1,111,318
Proprietary Funds:		
Water Reclamation and Sewer Fund	-	13,098
 Total Transfers	 <u>\$ 2,651,239</u>	 <u>\$ 2,651,239</u>

Composition and purpose of interfund transfers is as follows:

General Fund transfers in of \$355,644 consist of \$173,261 from Streets Fund for engineering services provided for various construction projects; \$80,126 from Lighting and Landscape for cost reimbursements; \$100,000 from Non-Major Funds which represent transfers of police type grant funds to the Sheriff department of the General Fund; \$2,257 from Non-Major Funds which represent transfers of community development type grant funds for low income housing loan administration and activity delivery to the Community Development Department of the General Fund.

Streets Fund transfers in of \$2,053,240 consist of \$1,296,525 of State allocation of TDA revenue, \$744,633 of State Gas Tax, and \$12,082 from Traffic Impact Fund to be applied to various street light and crosswalk construction projects.

RDA Low Income Housing transfer in of \$47,647 consists of prior year loan repayments received by the CHFA Rehab Grant fund.

Non-Major funds transfers in of \$194,708 consist of \$194,708 of community development type grant funds between Non-Major funds.

Note 5 – Land Held for Resale

The RDA Successor Agency Private Purpose Trust Fund held in Inventory 8.6-acres available for sale in the 70-acre industrial park. It also held seven City lots available for sale. This inventory has the following original cost amounts.

Land	\$ 150,897
Improvements	<u>402,191</u>
 Total	 <u>\$ 553,088</u>

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

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. The RDA Successor Agency Private Purpose Trust Fund had deferred charges, net of amortization, are as follows:

Industrial Park Bonds	\$	124,206
Southside Project Bonds		8,529
Total	\$	132,735

Note 7 – Capital Assets

Capital asset activity for the year ended June 30, 2014 is as follows:

Governmental Activities	Balance June 30, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
Capital Assets Not Being Depreciated:					
Land	\$ 869,474	\$ -	\$ -	\$ -	\$ 869,474
Construction in Progress	1,354,605	1,919,780	-	(2,653,753)	620,632
Total Capital Assets Not Being Depreciated	2,224,079	1,919,780	-	(2,653,753)	1,490,106
Capital Assets Being Depreciated:					
Land Improvements	8,941,846	2,686	-	-	8,944,532
Construction	2,639,112	-	-	-	2,639,112
Infrastructure	11,453,942	168,500	-	2,653,753	14,276,195
Machinery and Other	1,540,823	81,844	(128,636)	-	1,494,031
Vehicles	1,091,700	34,012	(97,456)	-	1,028,256
Total Capital Assets Being Depreciated	25,667,423	287,042	(226,092)	2,653,753	28,382,126
Less Accumulated Depreciation For:					
Land Improvements	2,163,248	444,729	-	-	2,607,977
Construction	598,049	49,842	-	-	647,891
Infrastructure	5,176,177	110,650	-	-	5,286,827
Machinery and Other	1,070,646	62,552	(125,929)	-	1,007,269
Vehicles	915,598	58,435	(97,456)	-	876,577
Total Accumulated Depreciation	9,923,718	726,208	(223,385)	-	10,426,541
Total Capital Assets Being Depreciated, net	15,743,705	(439,166)	(2,707)	2,653,753	17,955,585
Governmental Activities Capital Assets, net	\$ 17,967,784	\$ 1,480,614	\$ (2,707)	\$ -	\$ 19,445,691

Depreciation charged to governmental functions on the Statement of Activities during the year is as follows: \$92,847 to General Government, \$2,727 to Public Safety, \$630,298 to Public Works, and \$336 to Community Development.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

Note 7 – Capital Assets, (continued)

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

Business-Type Activities	Balance June 30, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
Capital Assets Not Being Depreciated:					
Land	\$ 287,323	\$ -	\$ -	\$ -	\$ 287,323
Construction in Progress	296,691	-	-	(55,443)	241,248
Total Capital Assets Not Being Depreciated	<u>584,014</u>	<u>-</u>	<u>-</u>	<u>(55,443)</u>	<u>528,571</u>
Capital Assets Being Depreciated:					
Land Improvements	7,187,254	39,032	(15,445)	-	7,210,841
Construction	15,244,193	72,142	(141,921)	-	15,174,414
Infrastructure	6,235,381	19,956	-	-	6,255,337
Machinery and Other	10,742,752	218,643	(105,793)	55,443	10,911,045
Vehicles	2,659,130	301,362	(247,014)	-	2,713,478
Total Capital Assets Being Depreciated:	<u>42,068,710</u>	<u>651,135</u>	<u>(510,173)</u>	<u>55,443</u>	<u>42,265,115</u>
Less Accumulated Depreciation For:					
Land Improvements	5,390,107	122,344	(15,400)	-	5,497,051
Construction	5,723,775	300,720	(122,502)	-	5,901,993
Infrastructure	2,783,325	64,005	-	-	2,847,330
Machinery and Other	2,952,623	424,406	(82,072)	-	3,294,957
Vehicles	2,174,711	198,818	(186,874)	-	2,186,655
Total Accumulated Depreciation	<u>19,024,541</u>	<u>1,110,293</u>	<u>(406,848)</u>	<u>-</u>	<u>19,727,986</u>
Total Capital Assets Being Depreciated, net	<u>23,044,169</u>	<u>(459,158)</u>	<u>(103,325)</u>	<u>55,443</u>	<u>22,537,129</u>
Business-Type Activities Capital Assets, net	<u>\$ 23,628,183</u>	<u>\$ (459,158)</u>	<u>\$ (103,325)</u>	<u>\$ -</u>	<u>\$ 23,065,700</u>

Depreciation charged to business-type activities on the Statement of Activities during the year is as follows: \$464,074 to Water Reclamation and Sewer, \$343,291 to Water Utility, \$192,384 to Refuse Collection and Disposal, \$83,304 to Public Transportation, and \$27,240 to CNG Fueling Station.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

Note 8 – Accrued Liabilities

Accrued Liabilities at June 30, 2014, as reported on the Statement of Net Position are detailed as follows:

Governmental Activities:	<u>General</u>	<u>Streets</u>	<u>Total Governmental</u>
Performance Bond	\$ 69,383	\$ 15,000	\$ 84,383
Other Liabilities	-	420	420
Total	<u>\$ 69,383</u>	<u>\$ 15,420</u>	<u>\$ 84,803</u>
Business-Type Activities:	<u>Water Reclamation And Sewer</u>	<u>Refuse Collection and Disposal</u>	<u>Total Business-Type</u>
Accrued Interest Payable	\$ 18,446	\$ 759	\$ 19,205
Fiduciary Activities:	<u>RDA Successor Agency Private Purpose Trust</u>		
Accrued Interest Payable	<u>\$ 23,784</u>		

Note 9 – Long-Term Liabilities

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
Governmental Activities:					
Other Long-Term Debt	\$ 50,000	\$ -	\$ (50,000)	\$ -	\$ -
Compensated Absences	132,982	39,895	(38,899)	133,978	49,572
Total Governmental Activities	<u>182,982</u>	<u>39,895</u>	<u>(88,899)</u>	<u>133,978</u>	<u>49,572</u>
Business-Type Activities:					
Notes Payable	2,044,883	-	(446,375)	1,598,508	249,667
Compensated Absences	96,969	29,091	(27,925)	98,135	36,310
Total Business-Type Activities	<u>2,141,852</u>	<u>29,091</u>	<u>(474,300)</u>	<u>1,696,643</u>	<u>285,977</u>
Total Statement of Net Position Long-Term Activities	<u>\$ 2,324,834</u>	<u>\$ 68,986</u>	<u>\$ (563,199)</u>	<u>\$ 1,830,621</u>	<u>\$ 335,549</u>
RDA Successor Agency Private Purpose Trust:					
Tax Allocation Bonds	\$ 1,305,000	\$ -	\$ (235,000)	\$ 1,070,000	\$ 250,000
Revenue Bonds	285,000	-	(35,000)	250,000	40,000
Total Fiduciary Fund Long-Term Activities	<u>\$ 1,590,000</u>	<u>\$ -</u>	<u>\$ (270,000)</u>	<u>\$ 1,320,000</u>	<u>\$ 290,000</u>

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

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

Note 9 – Long-Term Liabilities, (continued)

Governmental Activities:

Compensated Absences	<u>\$ 133,978</u>
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Business-Type Activities:

Notes Payable:

Note payable to the State of California for the expansion of the wastewater treatment plant, payable in annual installments commencing January 19, 2001, of \$291,308 at 2.6% interest, final payment due January 19, 2020, collateralized by wastewater funds.	<u>1,598,508</u>
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Total Notes Payable	1,598,508
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Compensated Absences Payable	<u>98,135</u>
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Total Business-Type Activities	<u>\$ 1,696,643</u>
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RDA Successor Agency Private Purpose Trust:

Tax Allocation Bonds:

Improvement Bonds dated December 15, 1992 in the original amount of \$3,600,000 at 5.5% interest; payable semi-annually commencing March 2, 1993, due September 2, 2017 to the Wasco Public Financing Authority which is a component unit of the City of Wasco. Proceeds used to construct an industrial park which is accounted for as land held for resale.	\$ 1,070,000
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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.	<u>250,000</u>
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Total RDA Successor Agency Private Purpose Trust	<u>\$ 1,320,000</u>
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City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

Note 9 – Long-Term Liabilities, (continued)

The annual requirements to amortize all bonded indebtedness and other long-term liabilities outstanding at June 30, 2014, are as follows:

Business-Type Activities

Year Ending June 30	Notes Payable	
	Principal	Interest
2015	\$ 249,667	\$ 41,561
2016	256,159	35,070
2017	262,819	28,410
2018	269,652	21,576
2019	276,663	14,566
2020	283,548	7,372
Total	\$ 1,598,508	\$ 148,555

RDA Successor Agency Private Purpose Trust

Year Ending June 30	Tax Allocation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 250,000	\$ 51,975	\$ 40,000	\$ 18,400
2016	260,000	37,950	45,000	15,000
2017	270,000	23,375	50,000	11,200
2018	290,000	7,975	55,000	6,950
2019	-	-	60,000	2,450
Total	\$ 1,070,000	\$ 121,275	\$ 250,000	\$ 54,000

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

Note 10 – Unearned Revenue / Deferred Inflows of Resources

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

	Governmental Activities	Business-Type Activities
General Grant	\$ 74,355	\$ -
Streets Grant	12,428	-
Emergency Response	2,557	-
TDA - Dial A Ride	-	111,995
Total	\$ 89,340	\$ 111,995

Deferred inflows of resources represents an acquisition of net position or fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has one transaction type that qualifies for reporting under this category; unavailable revenue is only reported in the governmental funds balance sheet under the modified accrual basis of accounting. The detail of unavailable revenue is as follows:

Governmental Activities

	Unavailable
HCD Grants	\$ 950,000
RDA Notes Receivable	1,005,742
CalHOME Grant	2,110,340
CDBG Grants	1,073,898
HOME Grants	1,243,167
BEGIN Grants	111,028
CHFA Rehab Grant	2,322
Total	\$ 6,496,497

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.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

Note 11 – Public Entity Risk Pools, (continued)

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

Employment Practices Liability (EPL): This program from CSJVRMA covers the EPL exposures through the Employment Risk Management Authority (ERMA). ERMA is comprised of eight members Joint Power Authorities and is organized under a Joint Powers Agreement pursuant to the California Government Code. ERMA covers \$2 million for each occurrence less the members' retained limit. The City of Wasco's retained limit is \$50,000.

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

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

The latest audited financial information available from CSJVRMA is for the year ended June 30, 2013 as follows:

Total Assets	\$ 82,190,005
Total Liabilities	<u>66,304,596</u>
 Total Members' Equity	 <u>\$ 15,885,409</u>
 Total Revenue	 \$ 30,744,973
Total Expenses	<u>27,142,583</u>
 Net Increase in Members' Equity	 <u>\$ 3,602,390</u>

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

Note 12 – Retirement Plan

Plan Description. The City contributes to the Miscellaneous 3.0% at 60 Risk Pool and the Inactive Agency Risk Pool (for the Safety Plan) under the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes within the Public Employees’ Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through 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, California 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 also 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 year 2013-14 was 27.095% of annual covered salary for the Miscellaneous Plan and 0% for the Safety Plan. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. The City’s Safety Plan has no active employees or contributing payroll on which a contribution percentage can be applied.

Annual Pension Cost. For the year ended June 30, 2014, the City’s annual pension costs of \$731,579 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, 2011, actuarial valuation using the entry age actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration of service ranging from 3.30% to 14.20% for miscellaneous members and from 3.30% to 14.45% for public safety members, and (c) 3.30% per year of cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.75%. The actuarial value of the plans were determined using techniques that smooth the effects of short-term volatility in the market value of the investments over a 15 year period. The unfunded actuarial accrued liabilities are being amortized as a level percentage of projected payrolls. The average remaining amortization period at June 30, 2011 was 19 years for Miscellaneous Plan and 7 years for Safety Plan.

Three-Year Trend Information For The Plans

Miscellaneous Fund			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 729,448	100%	-
6/30/2013	751,135	100%	-
6/30/2014	731,579	100%	-
Safety Fund			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ -	0%	\$ -
6/30/2013	-	0%	-
6/30/2014	-	0%	-

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

Note 12 – Retirement Plan, (continued)

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

Note 13 – Conduit Debt Obligations

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

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

Assessment Districts	Remaining Collections	Outstanding Debt Service
89-1 Barker	\$ 175,142	\$ 177,625
89-2 Tract 5071	199,205	152,375
89-3 Tract 4644	111,609	80,750
91-1 Barnhard	170,339	173,500
91-2A Summerfield	215,405	238,188
91-2B Summerfield	61,634	60,400
92-1 Industrial Park	911,850	911,850
93-1 Southside - Childress	847,999	691,125
Total	<u>\$ 2,693,183</u>	<u>\$ 2,485,813</u>

The "Remaining Collections" represents the sum of the remaining principal and interest for each active parcel after 2013/14 debt service has been billed.

The \$850,764 due to bondholders, as reported in the Statement of Fiduciary Net Position, represents the net assets of the Authority held for bondholder repayment.

City of Wasco
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

Note 14 – Other Disclosures

Pledged Revenues

The City has pledged certain water and sewer revenues for the payment of the Wasco Redevelopment Agency's \$3,600,000 Industrial Park Improvement Bonds in the event property tax revenues are insufficient to make debt service payments.

Economic Dependency

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

Fund Deficits

The City had accumulated fund deficits in the following individual funds:

Governmental Funds:	
Non-Major:	
Emergency Response	\$ (24,778)
CHFA Rehab Grant	(10,261)
2005 Cal Home Grant	(45,440)
2006 Cal Home Grant	(20,393)
2007 HOME Grant	<u>(2,773)</u>
 Total Governmental Funds	 <u>\$ (103,645)</u>

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

Date of Management Evaluation

Management has evaluated subsequent events through February 17, 2015, the date on which the financial statements were available to be issued.

Excess of Expenditures over Appropriations

For the year ended June 30, 2014, some expenditures exceeded appropriations. The over expenditures were funded from current tax revenue and charges for services. All City expenditures were approved by the City Council.

Contingencies

The City has a contingent property tax liability for its share of tax refund claims pending against the County of Kern attributable to taxes paid by property owners but disputed. Because both the amount of the contingency and the expected outcome cannot be determined, the liability has not been provided for in the financial statements. At June 30, 2014, the latest date reported by the County, the contingent liability was \$98,986.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Wasco
REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2014

DEFINED BENEFIT PENSION PLAN

A schedule of funding progress for the year ended June 30, 2012 (the most recent actuarial information available) including the past seven actuarial valuations are presented below.

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

Valuation Date	Accrued Liabilities	Actuarial Assets	Unfunded Liabilities (UL)	Funded Ratio	Annual Covered Payroll	UL As a % of Payroll
6/30/2004	\$ 426,958,282	\$ 334,956,019	\$ 92,002,263	78.5%	\$ 90,667,029	101.5%
6/30/2005	499,323,280	405,480,805	93,842,475	81.2%	108,618,321	86.4%
6/30/2006	620,492,183	501,707,110	118,785,073	80.9%	126,049,770	94.2%
6/30/2007	699,663,524	576,069,687	123,593,837	82.3%	139,334,562	88.7%
6/30/2008	776,166,719	641,167,624	134,999,095	82.6%	155,115,302	87.0%
6/30/2009	883,394,429	694,384,975	189,009,454	78.6%	161,972,631	116.7%
6/30/2010	945,221,095	754,858,961	190,362,134	79.9%	159,156,834	119.6%
6/30/2011	1,023,127,404	825,991,347	197,136,057	80.7%	160,900,495	122.5%
6/30/2012	1,081,962,506	903,410,915	178,551,591	83.5%	153,161,984	116.6%

Safety Plan - Included in the CalPERS Inactive Agency Risk Pool

Valuation Date	Accrued Liabilities	Actuarial Assets	Unfunded Liabilities (UL)	Funded Ratio	Annual Covered Payroll	UL As a % of Payroll
6/30/2004	\$ 357,919,985	\$ 331,405,998	\$ 26,513,987	92.6%	n/a	n/a
6/30/2005	369,091,183	347,539,822	21,551,361	94.2%	n/a	n/a
6/30/2006	389,558,550	371,203,956	18,354,594	95.3%	n/a	n/a
6/30/2007	391,672,319	377,230,242	14,442,077	96.3%	n/a	n/a
6/30/2008	399,268,718	390,402,716	8,866,002	97.8%	n/a	n/a
6/30/2009	480,513,699	442,936,897	37,576,802	92.2%	n/a	n/a
6/30/2010	509,198,137	466,195,860	43,002,277	91.6%	n/a	n/a
6/30/2011	677,648,972	608,911,358	68,737,614	89.9%	n/a	n/a
6/30/2012	839,968,292	743,174,027	96,794,265	88.5%	n/a	n/a

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City of Wasco
REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2014

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, 2014

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.

TDA Fund – Accounts for revenues allocated by the Kern Council of Government 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.

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

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.

City of Wasco
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 3,688,000	\$ 3,680,500	\$ 3,789,462	\$ 108,962
Licenses & Permits	93,000	98,000	236,346	138,346
Intergovernmental	25,500	160,500	219,739	59,239
Charges for Services	534,536	533,536	455,288	(78,248)
Fines, Forfeitures & Assessments	33,000	33,000	58,741	25,741
Use of Money or Property	3,000	3,000	17,812	14,812
Miscellaneous	6,000	6,000	9,881	3,881
Total Revenues	4,383,036	4,514,536	4,787,269	272,733
Expenditures:				
Current:				
General Government				
Council	52,016	62,664	50,542	(12,122)
Manager	146,526	176,521	185,028	8,507
Finance & Accounting	58,783	71,236	69,140	(2,096)
Budget	42,258	50,908	49,572	(1,336)
Human Resources & Risk Management	20,931	25,215	22,286	(2,929)
Total General Government	320,514	386,544	376,568	(9,976)
Public Safety				
Sheriff	3,108,594	3,118,594	3,087,456	(31,138)
Animal Control	139,623	150,623	116,862	(33,761)
Fire	423,203	423,203	423,203	-
Total Public Safety	3,671,420	3,692,420	3,627,521	(64,899)
Community Development				
Planning	95,238	194,892	161,599	(33,293)
Engineering	74,336	90,811	98,757	7,946
Building Inspection	103,884	127,480	105,603	(21,877)
Code Compliance	50,066	64,975	56,584	(8,391)
Economic Development	1,083	1,305	-	(1,305)
Total Community Development	324,607	479,463	422,543	(56,920)
Non Departmental				
	105,995	173,064	157,171	(15,893)
Capital Outlay:				
General Capital Outlay	8,500	6,300	41,342	35,042
Debt Service:				
Principal Retirement	50,000	50,000	50,000	-
Interest and Finance Charges	-	-	-	-
Total Expenditures	4,481,036	4,787,791	4,675,145	(112,646)
Excess of Revenues Over Expenditures	(98,000)	(273,255)	112,124	385,379
Other Financing Sources (Uses):				
Transfers In	100,000	125,000	355,644	230,644
Transfers Out	-	-	(63,385)	(63,385)
Total Other Financing Sources (Uses)	100,000	125,000	292,259	167,259
Net Change in Fund Balances	\$ 2,000	\$ (148,255)	404,383	\$ 552,638
Fund Balances - Beginning			1,647,721	
Fund Balances - Ending			<u>\$ 2,052,104</u>	

City of Wasco
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
STREETS FUND
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses & Permits	1,000	1,000	1,468	468
Intergovernmental	3,443,336	3,668,336	1,190,728	(2,477,608)
Charges for Services	300	300	-	(300)
Use of Money or Property	-	1,000	2,773	1,773
Miscellaneous	25,500	25,500	2,182	(23,318)
Total Revenues	3,470,136	3,696,136	1,197,151	(2,498,985)
Expenditures:				
Current:				
Public Works	1,757,915	1,862,415	1,326,859	(535,556)
Capital Outlay:				
General Capital Outlay	-	-	168,500	168,500
Street Improvements	3,443,336	3,668,336	1,778,896	(1,889,440)
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Finance Charges	-	-	-	-
Total Expenditures	5,201,251	5,530,751	3,274,255	(2,256,496)
Excess of Revenues Over Expenditures	(1,731,115)	(1,834,615)	(2,077,104)	(242,489)
Other Financing Sources (Uses):				
Transfers In	1,755,292	1,779,054	2,053,240	274,186
Transfers Out	-	-	(251,906)	(251,906)
Total Other Financing Sources (Uses)	1,755,292	1,779,054	1,801,334	22,280
Net Change in Fund Balances	\$ 24,177	\$ (55,561)	(275,770)	\$ (220,209)
Fund Balances - Beginning			1,630,497	
Fund Balances - Ending			<u>\$ 1,354,727</u>	

City of Wasco
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
TDA GRANT
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 1,000,000	\$ 1,000,000	\$ 1,160,820	\$ 160,820
Use of Money or Property	-	-	-	-
Total Revenues	1,000,000	1,000,000	1,160,820	160,820
Expenditures:				
Current:				
Community Development	-	-	-	-
Capital Outlay:				
General Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	1,000,000	1,000,000	1,160,820	160,820
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	(1,000,000)	(1,047,000)	(1,211,532)	(164,532)
Total Other Financing Sources (Uses)	(1,000,000)	(1,047,000)	(1,211,532)	(164,532)
Net Change in Fund Balances	\$ -	\$ (47,000.00)	(50,712)	\$ (3,712)
Fund Balances - Beginning			50,712	
Fund Balances - Ending			\$ -	

City of Wasco
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
2005 HCD FUND
Year ended June 30, 2014

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

City of Wasco
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
RDA LOW INCOME HOUSING
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Use of Money or Property	\$ -	\$ -	\$ 202	\$ 202
Loan Payments	12,692	12,692	1,622	(11,070)
Total Revenues	12,692	12,692	1,824	(10,868)
Expenditures:				
Current:				
Community Development	-	300	132	(168)
Capital Outlay:				
General Capital Outlay	-	-	-	-
Total Expenditures	-	300	132	(168)
Excess of Revenues Over Expenditures	12,692	12,392	1,692	(10,700)
Other Financing Sources (Uses):				
Transfers In	-	-	47,647	47,647
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	47,647	47,647
Net Change in Fund Balances	\$ 12,692	\$ 12,392	49,339	\$ 36,947
Fund Balances - Beginning			19,658	
Fund Balances - Ending			\$ 68,997	

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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

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

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

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

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

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

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

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

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

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

City of Wasco
SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUNDS – (continued)

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

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

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

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

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

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

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

City of Wasco
SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUNDS – (continued)

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

CalHome Grant Reuse Fund – The City has received several rounds of funding from the Cal Home Program and as loans are repaid the money is placed in the Cal Home Reuse Fund. The Cal Home Reuse money is available to continue funding CalHome eligible activities.

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

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

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

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

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

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

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

2010 CDBG Grant Fund – The City was awarded \$800,000 from CDBG to assist the Wasco Housing Authority with the rehabilitation of 213 multi-family units located at 750 H Street. The money is being granted to the Housing Authority for this project through a sub-recipient agreement.

City of Wasco
SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUNDS – (continued)

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

2009 CDBG Economic Development Grant Fund – Through CDBG’s Enterprise Fund Program the City was awarded \$300,000 to utilize toward a new Downtown Façade Improvement Program. This program allows the city to assist income qualified Micro (5 employees or less) Businesses with improving the façade’s of their businesses. These projects are funded with forgivable loans to the businesses.

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.

City of Wasco
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2014

	Lighting & Landscape	Emergency Response	Sewer Lift Station	Gas Tax	Traffic Safety	Traffic Impact	1993 CDBG Grant Fund	COPS Grant Fund	2002 CallHome Grant Fund	CHFA Rehab Grant	2003 CDBG Grant Fund	2003 CallHome Grant Fund	2004 CDBG Grant Fund	2004 CallHome Grant Fund
Assets:														
Cash and Investments	\$ 145,543	\$ -	\$ 156,089	\$ 111,150	\$ 169,113	\$ 729,598	\$ 79,607	\$ -	\$ 10,506	\$ 38,133	\$ 32,385	\$ 254	\$ 62,414	\$ -
Receivables, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Costs	1,203	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from Other Funds	414	-	-	-	-	72,650	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	226,339	-	107,641	2,322	118,152	342,295	88,752	393,515
Total Assets	\$ 147,160	\$ -	\$ 156,089	\$ 111,150	\$ 169,113	\$ 802,248	\$ 305,946	\$ -	\$ 118,147	\$ 40,455	\$ 150,537	\$ 342,549	\$ 151,166	\$ 393,515
Liabilities:														
Accounts Payable	\$ 6,482	\$ -	\$ 127	\$ -	\$ 4,186	\$ -	\$ -	\$ -	\$ 9,513	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	22,221	-	-	-	-	-	-	-	48,394	-	-	-	-
Unearned Revenue	-	2,557	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	6,482	24,778	127	-	4,186	-	-	-	9,513	48,394	-	-	-	-
Deferred Inflows of Resources:														
Unavailable Revenue	-	-	-	-	-	-	226,339	-	107,641	2,322	118,152	342,295	88,752	393,515
Total Deferred Inflows of Resources	-	-	-	-	-	-	226,339	-	107,641	2,322	118,152	342,295	88,752	393,515
Fund Balances:														
Nonspendable:														
Prepaid Costs	1,203	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted:														
Community Development	-	-	-	-	-	-	79,607	-	993	-	32,385	254	62,414	-
Streets and Transportation	139,475	-	-	111,150	164,927	802,248	-	-	-	-	-	-	-	-
Other Purposes	-	-	155,962	-	-	-	-	-	-	-	-	-	-	-
Assigned:														
Community Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(24,778)	-	-	-	-	-	-	-	(10,261)	-	-	-	-
Total Fund Balances (Deficit)	140,678	(24,778)	155,962	111,150	164,927	802,248	79,607	-	993	(10,261)	32,385	254	62,414	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 147,160	\$ -	\$ 156,089	\$ 111,150	\$ 169,113	\$ 802,248	\$ 305,946	\$ -	\$ 118,147	\$ 40,455	\$ 150,537	\$ 342,549	\$ 151,166	\$ 393,515

City of Wasco
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2014

Miscellaneous Grants	2005 CallHome Grant Fund	CDBG Revolving Loan Fund	CallHome Grant Reuse	2006 CallHome Grant Fund	2008 BEGIN Grant Fund	2007 HOME Grant	BEGIN Grant Reuse	2009 CDBG Grant Fund	HOME Grant Reuse	2008 CDGB Grant Fund	2010 CDGB Grant Fund	2010 HOME Grant Fund	2009 CDBG Economic Dev Grant Fund	Public Financing Authority	Total Non-Major Special Revenue Funds
\$ 6,631	\$ -	\$ 120,067	\$ 414,124	\$ -	\$ -	\$ -	\$ 10,936	\$ 6,396	\$ 5,115	\$ 5,630	\$ -	\$ 200	\$ -	\$ 34,033	\$ 2,137,924
85	-	-	-	-	-	-	-	-	-	-	-	-	-	-	85
-	-	253	-	-	-	-	-	1,225	-	-	-	-	-	-	2,428
-	333,564	175,396	488,818	444,507	111,028	733,677	-	441,149	-	24,110	-	509,490	-	-	4,540,755
\$ 6,716	\$ 333,564	\$ 295,716	\$ 902,942	\$ 444,507	\$ 111,028	\$ 733,677	\$ 10,936	\$ 448,770	\$ 5,115	\$ 29,740	\$ -	\$ 509,690	\$ -	\$ 34,033	\$ 6,754,509
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,842	\$ 25,150
-	45,440	-	-	20,393	-	2,773	-	-	-	-	-	-	-	-	139,221
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,557
-	45,440	-	-	20,393	-	2,773	-	-	-	-	-	-	-	4,842	166,928
-	333,564	175,396	488,818	444,507	111,028	733,677	-	441,149	-	24,110	-	509,490	-	-	4,540,755
-	333,564	175,396	488,818	444,507	111,028	733,677	-	441,149	-	24,110	-	509,490	-	-	4,540,755
-	-	-	-	-	-	-	-	1,225	-	-	-	-	-	-	2,428
6,716	-	120,320	414,124	-	-	-	10,936	6,396	5,115	5,630	-	200	-	-	745,090
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,217,800
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	155,962
-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,191	29,191
-	(45,440)	-	-	(20,393)	-	(2,773)	-	-	-	-	-	-	-	-	(103,645)
6,716	(45,440)	120,320	414,124	(20,393)	-	(2,773)	10,936	7,621	5,115	5,630	-	200	-	29,191	2,046,826
\$ 6,716	\$ 333,564	\$ 295,716	\$ 902,942	\$ 444,507	\$ 111,028	\$ 733,677	\$ 10,936	\$ 448,770	\$ 5,115	\$ 29,740	\$ -	\$ 509,690	\$ -	\$ 34,033	\$ 6,754,509

City of Wasco
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS)
NON-MAJOR SPECIAL REVENUE FUNDS
Year ended June 30, 2014

	Lighting & Landscape	Emergency Response	Sewer Lift Station	Gas Tax	Traffic Safety	Traffic Impact	1993 CDBG Grant Fund	COPS Grant Fund	2002 CalHome Grant Fund	CHFA Rehab Grant	2003 CDBG Grant Fund	2003 CalHome Grant Fund	2004 CDBG Grant Fund	2004 CalHome Grant Fund
Revenues:														
Taxes	\$ 125,690	\$ -	\$ 9,791	\$ 744,633	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	12,468	-	-	-	-	-	100,000	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	55,740	-	-	-	-	-	-	-	-
Fines, Forfeitures & Assessments	-	-	-	-	23,598	-	-	-	-	-	-	-	-	-
Use of Money or Property	495	-	254	-	425	1,731	50	-	3,880	268	3,380	3,012	2,982	6,922
Loan Payments	-	-	-	-	-	-	561	-	16,028	12,427	5,697	21,000	5,862	41,789
Contributions and Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	126,185	12,468	10,045	744,633	24,023	57,471	611	100,000	19,908	12,695	9,077	24,012	8,844	48,711
Expenditures:														
Current:														
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Works	140,433	6,677	1,529	-	8,170	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay:														
General Capital Outlay	40,690	-	-	-	36,660	-	-	-	-	-	-	-	-	-
Street Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal Retirement	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Finance Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	181,123	6,677	1,529	-	44,830	-	-	-	-	-	-	-	-	-
Excess of Revenues Over Expenditures	(54,938)	5,791	8,516	744,633	(20,807)	57,471	611	100,000	19,908	12,695	9,077	24,012	8,844	48,711
Other Financing Sources (Uses):														
Transfers In	-	-	-	-	-	1,016	-	-	-	-	-	-	-	-
Transfers Out	(80,126)	-	-	(744,633)	-	-	(611)	(100,000)	(20,082)	(47,647)	(9,077)	(24,019)	(8,845)	(48,711)
Total Other Financing Sources (Uses)	(80,126)	-	-	(744,633)	-	1,016	(611)	(100,000)	(20,082)	(47,647)	(9,077)	(24,019)	(8,845)	(48,711)
Net Change in Fund Balances	(135,064)	5,791	8,516	-	(20,807)	58,487	-	-	(174)	(34,952)	-	(7)	(1)	-
Fund Balances - Beginning	275,742	(30,569)	147,446	111,150	185,734	743,761	79,607	-	1,167	24,691	32,385	261	62,415	-
Fund Balances - Ending	\$ 140,678	\$ (24,778)	\$ 155,962	\$ 111,150	\$ 164,927	\$ 802,248	\$ 79,607	\$ -	\$ 993	\$ (10,261)	\$ 32,385	\$ 254	\$ 62,414	\$ -

City of Wasco
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS)
NON-MAJOR SPECIAL REVENUE FUNDS
Year ended June 30, 2014

Miscellaneous Grants	2005 CalHome Grant Fund	CDBG Revolving Loan Fund	CalHome Grant Reuse	2006 CalHome Grant Fund	2008 BEGN Grant Fund	2007 HOME Grant	BEGN Grant Reuse	2009 CDBG Grant Fund	HOME Grant Reuse	2008 CDBG Grant Fund	2010 CDGB Grant Fund	2010 HOME Grant Fund	2009 CDBG Economic Dev Grant Fund	Public Financing Authority	Total Non-Major Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 880,114
-	-	-	-	-	-	-	-	-	-	-	308,300	-	-	-	420,788
-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,887	94,627
-	1,803	3,837	1,354	974	-	-	-	1,896	-	514	-	149	-	-	23,598
-	8,551	8,830	1,902	3,444	-	-	-	7,057	-	3,342	-	51	-	-	33,926
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	136,541
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	10,354	12,667	3,256	4,418	-	-	-	8,953	-	3,856	308,300	200	-	38,887	1,589,574
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	156,809
-	-	-	101,536	-	-	-	1	-	-	-	-	-	-	24,277	125,814
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	77,350
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	101,536	-	-	-	1	-	-	-	-	-	-	24,277	359,973
-	10,354	12,667	(98,280)	4,418	-	-	(1)	8,953	-	3,856	308,300	200	-	14,610	1,229,601
-	-	25,870	167,822	-	-	-	-	-	-	-	-	-	-	-	194,708
-	(10,355)	-	-	(4,403)	-	-	-	(8,953)	-	(3,856)	-	-	-	-	(1,111,318)
-	(10,355)	25,870	167,822	(4,403)	-	-	-	(8,953)	-	(3,856)	-	-	-	-	(916,610)
-	(1)	38,537	69,542	15	-	-	(1)	-	-	-	308,300	200	-	14,610	312,991
6,716	(45,439)	81,783	344,582	(20,408)	-	(2,773)	10,937	7,621	5,115	5,630	(308,300)	-	-	14,581	1,733,835
\$ 6,716	\$ (45,440)	\$ 120,320	\$ 414,124	\$ (20,393)	\$ -	\$ (2,773)	\$ 10,936	\$ 7,621	\$ 5,115	\$ 5,630	\$ -	\$ 200	\$ -	\$ 29,191	\$ 2,046,826

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
LIGHTING & LANDSCAPE FUND
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 173,500	\$ 173,500	\$ 125,690	\$ (47,810)
Use of Money or Property	-	200	495	295
	<hr/>			
Total Revenues	173,500	173,700	126,185	(47,515)
Expenditures:				
Current:				
Public Works	138,314	166,034	140,433	(25,601)
Capital Outlay:				
Street Improvements	35,000	35,000	40,690	5,690
	<hr/>			
Total Expenditures	173,314	201,034	181,123	(19,911)
Excess of Revenues Over Expenditures	186	(27,334)	(54,938)	(27,604)
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	(80,126)	(80,126)
	<hr/>			
Total Other Financing Sources (Uses)	-	-	(80,126)	(80,126)
Net Change in Fund Balances	<u>\$ 186</u>	<u>\$ (27,334)</u>	<u>(135,064)</u>	<u>\$ (107,730)</u>
Fund Balances - Beginning			<u>275,742</u>	
Fund Balances - Ending			<u>\$ 140,678</u>	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
EMERGENCY RESPONSE
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 12,468	\$ 12,468
Use of Money or Property	-	-	-	-
<hr/>				
Total Revenues	-	-	12,468	12,468
Expenditures:				
Current:				
Public Works	-	3,935	6,677	2,742
Capital Outlay:				
General Capital Outlay	-	-	-	-
<hr/>				
Total Expenditures	-	3,935	6,677	2,742
<hr/>				
Excess of Revenues Over Expenditures	-	(3,935)	5,791	9,726
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<hr/>				
Total Other Financing Sources (Uses)	-	-	-	-
<hr/>				
Net Change in Fund Balances	\$ -	\$ (3,935)	5,791	\$ 9,726
<hr/>				
Fund Balances - Beginning			(30,569)	
Fund Balances - Ending			\$ (24,778)	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
SEWER LIFT STATION FUND
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 28,000	\$ 28,000	\$ 9,791	\$ (18,209)
Use of Money or Property	-	-	254	254
	<hr/>			
Total Revenues	28,000	28,000	10,045	(17,955)
Expenditures:				
Current:				
Public Works	17,500	17,500	1,529	(15,971)
Capital Outlay:				
General Capital Outlay	-	-	-	-
	<hr/>			
Total Expenditures	17,500	17,500	1,529	(15,971)
	<hr/>			
Excess of Revenues Over Expenditures	10,500	10,500	8,516	(1,984)
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
	<hr/>			
Total Other Financing Sources (Uses)	-	-	-	-
	<hr/>			
Net Change in Fund Balances	<u>\$ 10,500</u>	<u>\$ 10,500</u>	8,516	<u>\$ (1,984)</u>
	<hr/>			
Fund Balances - Beginning			<u>147,446</u>	
	<hr/>			
Fund Balances - Ending			<u>\$ 155,962</u>	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
GAS TAX FUND
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 755,292	\$ 732,054	\$ 744,633	\$ 12,579
Use of Money or Property	-	-	-	-
Total Revenues	755,292	732,054	744,633	12,579
Expenditures:				
Current:				
Public Works	-	-	-	-
Capital Outlay:				
General Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	755,292	732,054	744,633	12,579
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	(755,292)	(732,054)	(744,633)	(12,579)
Total Other Financing Sources (Uses)	(755,292)	(732,054)	(744,633)	(12,579)
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balances - Beginning			<u>111,150</u>	
Fund Balances - Ending			<u>\$ 111,150</u>	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
TRAFFIC SAFETY FUND
Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Fines, Forfeitures & Assessments	\$ 81,000	\$ 81,000	\$ 23,598	\$ (57,402)
Use of Money or Property	700	700	425	(275)
	<hr/>			
Total Revenues	81,700	81,700	24,023	(57,677)
Expenditures:				
Current:				
Public Works	42,500	42,500	8,170	(34,330)
Capital Outlay:				
General Capital Outlay	39,200	39,200	36,660	(2,540)
	<hr/>			
Total Expenditures	81,700	81,700	44,830	(36,870)
	<hr/>			
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	(20,807)	<u>\$ (20,807)</u>
	<hr/>			
Fund Balances - Beginning			<u>185,734</u>	
	<hr/>			
Fund Balances - Ending			<u>\$ 164,927</u>	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
TRAFFIC IMPACT FUND
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Charges for Services	\$ -	\$ 25,000	\$ 55,740	\$ 30,740
Use of Money or Property	-	500	1,731	1,231
Total Revenues	-	25,500	57,471	31,971
Expenditures:				
Current:				
Public Works	-	-	-	-
Capital Outlay:				
General Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	25,500	57,471	31,971
Other Financing Sources (Uses):				
Transfers In	-	-	1,016	1,016
Transfers Out	-	(200,000)	-	200,000
Total Other Financing Sources (Uses)	-	(200,000)	1,016	201,016
Net Change in Fund Balances	\$ -	\$ (174,500)	58,487	\$ 232,987
Fund Balances - Beginning			743,761	
Fund Balances - Ending			\$ 802,248	

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, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Use of Money or Property	\$ -	\$ -	\$ 50	\$ 50
Loan Payments	1,262	1,262	561	(701)
	<hr/>			
Total Revenues	1,262	1,262	611	(651)
Expenditures:				
Current:				
Community Development	-	-	-	-
Capital Outlay:				
General Capital Outlay	-	-	-	-
	<hr/>			
Total Expenditures	-	-	-	-
	<hr/>			
Excess of Revenues Over Expenditures	1,262	1,262	611	(651)
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	(611)	(611)
	<hr/>			
Total Other Financing Sources (Uses)	-	-	(611)	(611)
	<hr/>			
Net Change in Fund Balances	<u>\$ 1,262</u>	<u>\$ 1,262</u>	<u>-</u>	<u>\$ (1,262)</u>
	<hr/>			
Fund Balances - Beginning			<u>79,607</u>	
	<hr/>			
Fund Balances - Ending			<u>\$ 79,607</u>	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
COPS GRANT FUND
Year ended June 30, 2014

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

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
2002 CALHOME GRANT FUND
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Use of Money or Property	\$ 1,499	\$ 1,499	\$ 3,880	\$ 2,381
Loan Payments	13,588	13,588	16,028	2,440
	<hr/>			
Total Revenues	15,087	15,087	19,908	4,821
Expenditures:				
Current:				
Community Development	-	-	-	-
Capital Outlay:				
General Capital Outlay	-	-	-	-
	<hr/>			
Total Expenditures	-	-	-	-
	<hr/>			
Excess of Revenues Over Expenditures	15,087	15,087	19,908	4,821
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	(15,087)	(15,087)	(20,082)	(4,995)
	<hr/>			
Total Other Financing Sources (Uses)	(15,087)	(15,087)	(20,082)	(4,995)
	<hr/>			
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	(174)	<u>\$ (174.00)</u>
	<hr/>			
Fund Balances - Beginning			<u>1,167</u>	
	<hr/>			
Fund Balances - Ending			<u>\$ 993</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of Money or Property	\$ 225	\$ 225	\$ 268	\$ 43
Loan Payments	12,467	12,467	12,427	(40)
	<hr/>			
Total Revenues	12,692	12,692	12,695	3
Expenditures:				
Current:				
Community Development	-	-	-	-
Capital Outlay:				
General Capital Outlay	-	-	-	-
	<hr/>			
Total Expenditures	-	-	-	-
	<hr/>			
Excess of Revenues Over Expenditures	12,692	12,692	12,695	3
Other Financing Sources (Uses):				
Transfers Out	(12,692)	(12,692)	(47,647)	(34,955)
	<hr/>			
Total Other Financing Sources (Uses)	(12,692)	(12,692)	(47,647)	(34,955)
	<hr/>			
Net Change in Fund Balances	\$ -	\$ -	(34,952)	\$ (34,952)
	<hr/> <hr/>			
Fund Balances - Beginning			24,691	
	<hr/>			
Fund Balances - Ending			\$ (10,261)	
	<hr/> <hr/>			

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, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Use of Money or Property	\$ 3,743	\$ 3,743	\$ 3,380	\$ (363)
Loan Payments	12,184	12,184	5,697	(6,487)
	<hr/>			
Total Revenues	15,927	15,927	9,077	(6,850)
Expenditures:				
Current:				
Community Development	-	-	-	-
Capital Outlay:				
General Capital Outlay	-	-	-	-
	<hr/>			
Total Expenditures	-	-	-	-
	<hr/>			
Excess of Revenues Over Expenditures	15,927	15,927	9,077	(6,850)
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	(15,927)	(15,927)	(9,077)	6,850
	<hr/>			
Total Other Financing Sources (Uses)	(15,927)	(15,927)	(9,077)	6,850
	<hr/>			
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balances - Beginning			<u>32,385</u>	
Fund Balances - Ending			<u>\$ 32,385</u>	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
2003 CALHOME GRANT FUND
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Use of Money or Property	\$ 2,574	\$ 2,574	\$ 3,012	\$ 438
Loan Payments	1,910	1,910	21,000	19,090
	<hr/>			
Total Revenues	4,484	4,484	24,012	19,528
Expenditures:				
Current:				
Community Development	-	-	-	-
	<hr/>			
Total Expenditures	-	-	-	-
	<hr/>			
Excess of Revenues Over Expenditures	4,484	4,484	24,012	19,528
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	(4,484)	(4,484)	(24,019)	(19,535)
	<hr/>			
Total Other Financing Sources (Uses)	(4,484)	(4,484)	(24,019)	(19,535)
	<hr/>			
Net Change in Fund Balances	\$ -	\$ -	(7)	\$ (7)
	<hr/>			
Fund Balances - Beginning			261	
			<hr/>	
Fund Balances - Ending			\$ 254	
			<hr/>	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
2004 CDBG GRANT FUND
Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of Money or Property	\$ 2,818	\$ 2,818	\$ 2,982	\$ 164
Loan Payments	6,384	6,384	5,862	(522)
	<hr/>			
Total Revenues	9,202	9,202	8,844	(358)
Expenditures:				
Current:				
Community Development	-	-	-	-
	<hr/>			
Total Expenditures	-	-	-	-
	<hr/>			
Excess of Revenues Over Expenditures	9,202	9,202	8,844	(358)
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	(9,202)	(9,202)	(8,845)	357
	<hr/>			
Total Other Financing Sources (Uses)	(9,202)	(9,202)	(8,845)	357
	<hr/>			
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	(1)	<u>\$ (1)</u>
Fund Balances - Beginning			<u>62,415</u>	
Fund Balances - Ending			<u>\$ 62,414</u>	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
2004 CALHOME GRANT FUND
Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of Money or Property	\$ 1,548	\$ 1,548	\$ 6,922	\$ 5,374
Loan Payments	3,221	3,221	41,789	38,568
	<hr/>			
Total Revenues	4,769	4,769	48,711	43,942
Expenditures:				
Current:				
Community Development	-	-	-	-
	<hr/>			
Total Expenditures	-	-	-	-
	<hr/>			
Excess of Revenues Over Expenditures	4,769	4,769	48,711	43,942
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	(4,769)	(4,769)	(48,711)	(43,942)
	<hr/>			
Total Other Financing Sources (Uses)	(4,769)	(4,769)	(48,711)	(43,942)
	<hr/>			
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balances - Beginning			<hr/>	-
Fund Balances - Ending			<u>\$ -</u>	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
MISCELLANEOUS GRANTS
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures:				
Current:				
Community Development	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	-	-	-
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balances - Beginning			<u>6,716</u>	
Fund Balances - Ending			<u>\$ 6,716</u>	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
2005 CALHOME GRANT FUND
Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Use of Money or Property	\$ 1,853	\$ 1,853	\$ 1,803	\$ (50)
Loan Payments	5,842	5,842	8,551	2,709
	<hr/>			
Total Revenues	7,695	7,695	10,354	2,659
Expenditures:				
Current:				
Community Development	-	-	-	-
	<hr/>			
Total Expenditures	-	-	-	-
	<hr/>			
Excess of Revenues Over Expenditures	7,695	7,695	10,354	2,659
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	(7,695)	(7,695)	(10,355)	(2,660)
	<hr/>			
Total Other Financing Sources (Uses)	(7,695)	(7,695)	(10,355)	(2,660)
	<hr/>			
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	(1)	<u>\$ (1.00)</u>
Fund Balances - Beginning			<u>(45,439)</u>	
Fund Balances - Ending			<u>\$ (45,440)</u>	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
CDBG REVOLVING LOAN FUND
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Use of Money or Property	\$ -	\$ -	\$ 3,837	\$ 3,837
Loan Payments	11,066	11,066	8,830	(2,236)
Total Revenues	11,066	11,066	12,667	1,601
Expenditures:				
Current:				
Community Development	35,009	35,009	-	(35,009)
Total Expenditures	35,009	35,009	-	(35,009)
Excess of Revenues Over Expenditures	(23,943)	(23,943)	12,667	36,610
Other Financing Sources (Uses):				
Transfers In	25,824	25,824	25,870	46
Transfers Out	(1,881)	(1,881)	-	1,881
Total Other Financing Sources (Uses)	23,943	23,943	25,870	1,927
Net Change in Fund Balances	\$ -	\$ -	38,537	\$ 38,537
Fund Balances - Beginning			81,783	
Fund Balances - Ending			\$ 120,320	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
CALHOME GRANT REUSE
Year ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Intergovernmental	\$ -	\$ 500	\$ 1,354	\$ 854
Use of Money or Property	-	1,000	1,902	902
	<hr/>			
Total Revenues	-	1,500	3,256	1,756
Expenditures:				
Current:				
Community Development	36,405	36,405	101,536	65,131
	<hr/>			
Total Expenditures	36,405	36,405	101,536	65,131
	<hr/>			
Excess of Revenues Over Expenditures	(36,405)	(34,905)	(98,280)	(63,375)
Other Financing Sources (Uses):				
Transfers In	36,405	36,405	167,822	131,417
Transfers Out	-	-	-	-
	<hr/>			
Total Other Financing Sources (Uses)	36,405	36,405	167,822	131,417
	<hr/>			
Net Change in Fund Balances	\$ -	\$ 1,500	69,542	\$ 68,042
	<hr/>			
Fund Balances - Beginning			<u>344,582</u>	
			<hr/>	
Fund Balances - Ending			<u>\$ 414,124</u>	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
2006 CALHOME GRANT FUND
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Use of Money or Property	\$ 903	\$ 903	\$ 974	\$ 71
Loan Payments	3,467	3,467	3,444	(23)
Total Revenues	4,370	4,370	4,418	48
Expenditures:				
Current:				
Community Development	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	4,370	4,370	4,418	48
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	(4,370)	(4,370)	(4,403)	(33)
Total Other Financing Sources (Uses)	(4,370)	(4,370)	(4,403)	(33)
Net Change in Fund Balances	\$ -	\$ -	15	\$ 15
Fund Balances - Beginning			(20,408)	
Fund Balances - Ending			\$ (20,393)	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
2008 BEGIN GRANT FUND
Year ended June 30, 2014

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

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
2007 HOME GRANT FUND
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of Money or Property	-	-	-	-
<hr/>				
Total Revenues	-	-	-	-
Expenditures:				
Current:				
Community Development	-	-	-	-
Capital Outlay:				
General Capital Outlay	-	-	-	-
<hr/>				
Total Expenditures	-	-	-	-
<hr/>				
Excess of Revenues Over Expenditures	-	-	-	-
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<hr/>				
Total Other Financing Sources (Uses)	-	-	-	-
<hr/>				
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balances - Beginning			<u>(2,773)</u>	
Fund Balances - Ending			<u>\$ (2,773)</u>	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
BEGIN GRANT REUSE
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of Money or Property	-	-	-	-
<hr/>				
Total Revenues	-	-	-	-
Expenditures:				
Current:				
Community Development	-	-	1	1
Capital Outlay:				
General Capital Outlay	-	-	-	-
<hr/>				
Total Expenditures	-	-	1	1
<hr/>				
Excess of Revenues Over Expenditures	-	-	(1)	(1)
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<hr/>				
Total Other Financing Sources (Uses)	-	-	-	-
<hr/>				
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	(1)	<u>\$ (1)</u>
Fund Balances - Beginning			<u>10,937</u>	
Fund Balances - Ending			<u>\$ 10,936</u>	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
2009 CDBG GRANT FUND
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ 1,211	\$ 1,211	\$ -	\$ (1,211)
Use of Money or Property	4,774	4,774	1,896	(2,878)
Loan Payments	-	-	7,057	
	<hr/>			
Total Revenues	5,985	5,985	8,953	(4,089)
Expenditures:				
Current:				
Community Development	1,017	1,017	-	(1,017)
Capital Outlay:				
General Capital Outlay	-	-	-	-
	<hr/>			
Total Expenditures	1,017	1,017	-	(1,017)
Excess of Revenues Over Expenditures	4,968	4,968	8,953	(3,072)
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	(4,968)	(4,968)	(8,953)	(3,985)
	<hr/>			
Total Other Financing Sources (Uses)	(4,968)	(4,968)	(8,953)	(3,985)
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ (7,057)</u>
Fund Balances - Beginning			<u>7,621</u>	
Fund Balances - Ending			<u>\$ 7,621</u>	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
HOME GRANT REUSE
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of Money or Property	-	-	-	-
<hr/>				
Total Revenues	-	-	-	-
Expenditures:				
Current:				
Community Development	-	-	-	-
Capital Outlay:				
General Capital Outlay	-	-	-	-
<hr/>				
Total Expenditures	-	-	-	-
<hr/>				
Excess of Revenues Over Expenditures	-	-	-	-
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<hr/>				
Total Other Financing Sources (Uses)	-	-	-	-
<hr/>				
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<hr/>				
Fund Balances - Beginning			<u>5,115</u>	
Fund Balances - Ending			<u>\$ 5,115</u>	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
2008 CDBG GRANT FUND
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of Money or Property	-	-	514	514
Loan Payment			3,342	
	<hr/>			
Total Revenues	-	-	3,856	514
Expenditures:				
Current:				
Community Development	-	-	-	-
Capital Outlay:				
General Capital Outlay	-	-	-	-
	<hr/>			
Total Expenditures	-	-	-	-
	<hr/>			
Excess of Revenues Over Expenditures	-	-	3,856	514
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	(3,856)	(3,856)
	<hr/>			
Total Other Financing Sources (Uses)	-	-	(3,856)	(3,856)
	<hr/>			
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ (3,342)</u>
Fund Balances - Beginning			<u>5,630</u>	
Fund Balances - Ending			<u>\$ 5,630</u>	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
2010 CDBG GRANT FUND
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 308,300	\$ 308,300
Use of Money or Property	-	-	-	-
<hr/>				
Total Revenues	-	-	308,300	308,300
Expenditures:				
Current:				
Community Development	-	-	-	-
Capital Outlay:				
General Capital Outlay	-	-	-	-
<hr/>				
Total Expenditures	-	-	-	-
<hr/>				
Excess of Revenues Over Expenditures	-	-	308,300	308,300
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<hr/>				
Total Other Financing Sources (Uses)	-	-	-	-
<hr/>				
Net Change in Fund Balances	\$ -	\$ -	308,300	\$ 308,300
<hr/>				
Fund Balances - Beginning			(308,300)	
Fund Balances - Ending			\$ -	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
2010 HOME GRANT FUND
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of Money or Property	-	-	149	149
Loan Payments		500	51	
Total Revenues	-	500	200	149
Expenditures:				
Current:				
Community Development	-	75,000	-	(75,000)
Capital Outlay:				
General Capital Outlay	-	-	-	-
Total Expenditures	-	75,000	-	(75,000)
Excess of Revenues Over Expenditures	-	(74,500)	200	75,149
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	\$ -	\$ (74,500)	200	\$ 75,149
Fund Balances - Beginning			-	
Fund Balances - Ending			<u>\$ 200</u>	

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
2009 CDBG ECONOMIC DEV. GRANT FUND
Year ended June 30, 2014

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

City of Wasco
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (DEFICITS), BUDGET AND ACTUAL
PUBLIC FINANCING AUTHORITY
Year ended June 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Charges for Services	\$ 35,000	\$ 35,000	\$ 38,887	\$ 3,887
Use of Money or Property	-	-	-	-
Total Revenues	35,000	35,000	38,887	3,887
Expenditures:				
Current:				
Community Development	35,000	35,000	24,277	(10,723)
Capital Outlay:				
General Capital Outlay	-	-	-	-
Total Expenditures	35,000	35,000	24,277	(10,723)
Excess of Revenues Over Expenditures	-	-	14,610	14,610
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	\$ -	\$ -	14,610	\$ 14,610
Fund Balances - Beginning			14,581	
Fund Balances - Ending			\$ 29,191	

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, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Assets:				
Cash and Investments	\$ 485,670	\$ 677,298	\$ (774,077)	\$ 388,891
Investments with Fiscal Agents - Restricted	389,189	73,047	-	462,236
Receivables	6,028	119	(6,028)	119
	<hr/>			
Total Assets	\$ 880,887	\$ 750,464	\$ (780,105)	\$ 851,246
	<hr/>			
Liabilities:				
Accounts Payable	\$ -	\$ 482	\$ -	\$ 482
Due to Bondholders	880,887	749,982	(780,105)	850,764
	<hr/>			
Total Liabilities	\$ 880,887	\$ 750,464	\$ (780,105)	\$ 851,246
	<hr/>			

**ADDITIONAL REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Wasco, California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Wasco, California's basic financial statements, and have issued our report thereon dated February 17, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Wasco, California's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Wasco, California's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Wasco, California's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses (items 2014-1 to 2014-3). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

City of Wasco, California's Response to Findings

The City of Wasco, California's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Wasco, California's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Albert & Associates, LLP

Wasco, California
February 17, 2015

City of Wasco
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2014

2014-1 Segregation of Duties

Criteria and Condition: The City does not have adequate segregation of duties. Systems should be designed so employees do not oversee their own work.

Context: The City has too few accounting staff members who have the requisite experience and formal education.

Cause: The City's size and budget limit the number of accounting employees.

Effect: There is an increased risk that accounting errors could go unnoticed.

Recommendation: The City should design and implement policies and procedures to help mitigate the lack of segregation of duties.

Management Response: Three key members of the finance team resigned toward the end of the 2014 fiscal year including the Finance Director, Accounting Manager, and AP/Payroll specialist which represented approximately 43% of the finance team. The Finance Department operated for at least 6 months with two temporary employees who did not have previous experience with City of Wasco operations. The lack of separation of duties has been more visible during a time of transition and employee turnover; however, the lack of separation of duties would not have occurred had the positions listed previously been filled. New employees had limited segregation of duties during the initial employee turnover; however, procedures and review process have already improved. The City has limited resources to hire additional qualified personnel, but the majority of the work currently is reviewed by staff and senior management. Management has already implemented significant changes within the Finance Department to help mitigate the segregation of duties. Payroll and AP duties have been separated into two different positions. Clerks already have their work reviewed in the areas of purchasing, utility billings, deposits, payroll, housing loans, and others. We have also restricted the use of journal entries within the MUNIS system where entries cannot be posted until they go through a workflow approval process.

2014-2 Design of Internal Control

Criteria and Condition: The City experienced a high turnover of accounting and finance personnel during the year. This situation exposed an inadequate design of internal control over significant processes.

Context: The City does not adequately perform the following components of Internal Control:

- a. Miscoding of expenditures and posting erroneous adjusting journal entries. This typically occurs in accounting for activities related to unique projects and unusual transactions.
- b. Failure to fully adjust accrued income and expense amounts to the actual year end calculated balances for accounts such as interest expense and revenue.

City of Wasco
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2014

2014-2 Design of Internal Control, (continued)

- c. Failure to record certain entries such as the purchase of equipment and incurrence of debt.
- d. City failure to follow its own accounting policy in recognizing accrued revenue within the 60 days after year end window.
- e. Note receivable activity not properly recorded and lack of supporting subsidiary records.
- f. Duplicate payments made to vendors.
- g. Failure to amortize deferred charges.
- h. Land sold but not recorded in the books; a related note receivable not recorded in the books.
- i. Failure to properly recognize income when providing services to the Wasco Public Financing Authority.
- j. Improper cutoff of cash receipts and disbursements at year end.
- k. Improper accounting for cost allocations by overhead departments.

Cause: The City did not allocate sufficient resources to the accounting function to enable proper transaction review.

Effect: General ledger account balances are misstated.

Recommendation: The City should allocate adequate resources to the accounting department.

Management Response: Not only did new temporary staff lack the experience of using the MUNIS software system and overall City of Wasco operations, but the Finance Department was understaffed during the year-end and audit process. Out of the three temporary employees, one was a clerk who was hired to backfill clerical functions and who could not really assist in the year-end process. The Interim Finance Director had limited interaction with the audit process and the financial system. The new clerk and staff accountant were provided with unlimited access to the MUNIS system without proper training and supervision. New staff with no government experience, a complex year-end process, a large amount of employee turnover, an understaffed department, and limited supervision created an environment prone for errors and incomplete work where lack of internal controls seemed to be exposed. The City of Wasco has a new City Manager who is progressive and is calling for new improved processes. The City has also hired a new Finance Director and will soon hire a new AP Specialist and Accountant. The City should experience fewer errors as the new staff gains experience and takes control over failed internal controls.

City of Wasco
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2014

2014-3 Accounting for Debt Service

Criteria and Condition: In order to facilitate the budget process, the City expenses enterprise fund debt service throughout the year. This accounting treatment is inconsistent with both policy and accounting method.

Context: The City expenses all expenditures and at year end, does not make an analysis to determine the expenditures that should be reclassified to the balance sheet.

Cause: The year-end accounting routines do not include analysis of accounting for debt service.

Effect: The books of account improperly present debt balances at year end for enterprise funds.

Recommendation: The annual accounting routines need to reclassify debt service expenditures.

Management Response: The Finance Department was simply understaffed and inexperienced to cover all aspects of the year-end close-out, audit, and daily operations. Accounting for debt service was a symptom that surfaced during a time of transition. The City should have future improvements once the new finance team takes control of finance operations.

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SINGLE AUDIT REPORTS AND SCHEDULES

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited City of Wasco, California's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Wasco, California's major federal programs for the year ended June 30, 2014. City of Wasco, California's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Wasco, California's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Wasco, California's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Wasco, California's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Wasco, California, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of City of Wasco, California, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Wasco, California's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Wasco, California's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Albert & Associates, LLP

Wasco, California
February 17, 2015

City of Wasco
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2014

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant Number / Pass-through Grantor's Number	Federal Expenditures
<u>U.S. Department of Transportation</u>			
Pass-through State of California Department of Transportation			
Highway Planning & Construction	20.205	HSIPL-5287 (025)	\$ 17,251
Highway Planning & Construction	20.205	SRTSLNI 5287 (034)	2,675
Highway Planning & Construction	20.205	STPE-P043 (039)	1,076
Highway Planning & Construction	20.205	STPL-5287 (036)	594,169
Highway Planning & Construction	20.205	STPE-P043 (044)	794,405
Subtotal 20.205			<u>1,409,576</u>
Total U.S. Department of Transportation			<u>1,409,576</u>
<u>U.S. Department of Housing and Urban Development</u>			
Pass-through State of California Dept. of Housing & Community Development			
HOME Investment Partnerships Program	14.239	10-HOME-6845	75,000
Total U.S. Department of Housing and Urban Development			<u>75,000</u>
Total Federal Expenditures			<u>\$ 1,484,576</u>

See accompanying notes to schedule of expenditures of federal awards

City of Wasco
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2014

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Wasco, California, under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City of Wasco, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Wasco.

Note B – Summary of Significant Accounting Policies

- 1) Expenditures reported on the Schedule are reported generally using the modified-accrual basis of accounting for program expenditures accounted for in the governmental funds and the accrual basis of accounting for program expenditures accounted for in the proprietary funds, as described in Note 1 of the notes to the City of Wasco's basic financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- 2) Pass-through entity identifying numbers are presented where available.

Note C – Loans Outstanding

The accompanying schedule of Federal Awards does not include \$974,749 of loans receivable at year end relating to the HOME Investment Partnership Program (CFDA #14.228).

City of Wasco
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2014

A. Summary of Auditor’s Results:

1. The auditor’s report expresses an unmodified opinion on the financial statements of the City of Wasco.
2. Three material deficiencies disclosed during the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. No significant weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the City of Wasco, which would be required to be reported in accordance with Government Auditing Standards were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs disclosed during the audit and none are reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133. No material weaknesses are reported.
5. The auditor’s report on compliance for the major federal award programs for the City of Wasco expresses an unmodified opinion on all major federal programs.
6. No audit findings were required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs were:

CFDA Numbers	Program Title
20.205	Pedestrian Safety Program
20.205	Highway 43 Beautification

8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The City of Wasco was determined to be a low-risk auditee.

B. Findings – Financial Statements Audit

2014-1 Segregation of Duties

Criteria and Condition: The City does not have adequate segregation of duties. Systems should be designed so employees do not oversee their own work.

Context: The City has too few accounting staff members who have the requisite experience and formal education.

Cause: The City’s size and budget limit the number of accounting employees.

City of Wasco
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2014

2014-1 Segregation of Duties, (continued)

Effect: There is an increased risk that accounting errors could go unnoticed.

Recommendation: The City should design and implement policies and procedures to help mitigate the lack of segregation of duties.

Management Response: Three key members of the finance team resigned toward the end of the 2014 fiscal year including the Finance Director, Accounting Manager, and AP/Payroll specialist which represented approximately 43% of the finance team. The Finance Department operated for at least 6 months with two temporary employees who did not have previous experience with City of Wasco operations. The lack of separation of duties has been more visible during a time of transition and employee turnover; however, the lack of separation of duties would not have occurred had the positions listed previously been filled. New employees had limited segregation of duties during the initial employee turnover; however, procedures and review process have already improved. The City has limited resources to hire additional qualified personnel, but the majority of the work currently is reviewed by staff and senior management. Management has already implemented significant changes within the Finance Department to help mitigate the segregation of duties. Payroll and AP duties have been separated into two different positions. Clerks already have their work reviewed in the areas of purchasing, utility billings, deposits, payroll, housing loans, and others. We have also restricted the use of journal entries within the MUNIS system where entries cannot be posted until they go through a workflow approval process.

2014-2 Design of Internal Control

Criteria and Condition: The City experienced a high turnover of accounting and finance personnel during the year. This situation exposed an inadequate design of internal control over significant processes.

Context: The City does not adequately perform the following components of Internal Control:

- a. Miscoding of expenditures and posting erroneous adjusting journal entries. This typically occurs in accounting for activities related to unique projects and unusual transactions.
- b. Failure to fully adjust accrued income and expense amounts to the actual year end calculated balances for accounts such as interest expense and revenue.
- c. Failure to record certain entries such as the purchase of equipment and incurrence of debt.
- d. City failure to follow its own accounting policy in recognizing accrued revenue within the 60 days after year end window.
- e. Note receivable activity not properly recorded and lack of supporting subsidiary records.
- f. Duplicate payments made to vendors.
- g. Failure to amortize deferred charges.
- h. Land sold but not recorded in the books; a related note receivable not recorded in the books.

City of Wasco
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2014

2014-2 Design of Internal Control, (continued)

- i. Failure to properly recognize income when providing services to the Wasco Public Financing Authority.
- j. Improper cutoff of cash receipts and disbursements at year end.
- k. Improper accounting for cost allocations by overhead departments.

Cause: The City did not allocate sufficient resources to the accounting function to enable proper transaction review.

Effect: General ledger account balances are misstated.

Recommendation: The City should allocate adequate resources to the accounting department.

Management Response: Not only did new temporary staff lack the experience of using the MUNIS software system and overall City of Wasco operations, but the Finance Department was understaffed during the year-end and audit process. Out of the three temporary employees, one was a clerk who was hired to backfill clerical functions and who could not really assist in the year-end process. The Interim Finance Director had limited interaction with the audit process and the financial system. The new clerk and staff accountant were provided with unlimited access to the MUNIS system without proper training and supervision. New staff with no government experience, a complex year-end process, a large amount of employee turnover, an understaffed department, and limited supervision created an environment prone for errors and incomplete work where lack of internal controls seemed to be exposed. The City of Wasco has a new City Manager who is progressive and is calling for new improved processes. The City has also hired a new Finance Director and will soon hire a new AP Specialist and Accountant. The City should experience fewer errors as the new staff gains experience and takes control over failed internal controls.

2014-3 Accounting for Debt Service

Criteria and Condition: In order to facilitate the budget process, the City expenses enterprise fund debt service throughout the year. This accounting treatment is inconsistent with both policy and accounting method.

Context: The City expenses all expenditures and at year end, does not make an analysis to determine the expenditures that should be reclassified to the balance sheet.

Cause: The year-end accounting routines do not include analysis of accounting for debt service.

Effect: The books of account improperly present debt balances at year end for enterprise funds.

Recommendation: The annual accounting routines need to reclassify debt service expenditures.

City of Wasco
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2014

2014-3 Accounting for Debt Service, (continued)

Management Response: The Finance Department was simply understaffed and inexperienced to cover all aspects of the year-end close-out, audit, and daily operations. Accounting for debt service was a symptom that surfaced during a time of transition. The City should have future improvements once the new finance team takes control of finance operations.

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

No matters were reported.

City of Wasco
SUMMARY SCHEDULE OF PRIOR FINDINGS
Year ended June 30, 2014

No Prior Audit Findings

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