

CITY OF SANGER
ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2010

CITY OF SANGER
ANNUAL FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Sanger, California

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The budgetary comparison information and other required supplementary information on pages 51 through 54 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented a Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sanger's basic financial statements. The combining nonmajor fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mayer Hoffman McCann P.C.

Bakersfield, California
September 30, 2010

BASIC FINANCIAL STATEMENTS

**CITY OF SANGER
STATEMENT OF NET ASSETS
JUNE 30, 2010**

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 7,458,295	\$ 2,201,015	\$ 9,659,310
Cash with fiscal agents	715,845	-	715,845
Receivables (net of allowance for uncollectibles):			
Accounts	1,839,617	2,020,966	3,860,583
Intergovernmental	465,098	-	465,098
Internal balances	390,561	(390,561)	-
Inventory	13,744	-	13,744
Advances to/from other funds	(2,405,664)	2,405,664	-
Land held for development	2,410,848	-	2,410,848
Bond issuance cost, net	102,962	639,979	742,941
Notes receivable	(400,000)	400,000	-
Restricted assets:			
Restricted cash and cash equivalents	-	2,133,962	2,133,962
Capital assets			
Non-depreciable	677,348	1,325,542	2,002,890
Depreciable, net of accumulated depreciation	22,932,261	28,634,020	51,566,281
Total assets	34,200,915	39,370,587	73,571,502
LIABILITIES			
Accounts payable	382,911	306,372	689,283
Accrued interest payable	70,885	-	70,885
Deposits	8,114	119,658	127,772
Claims payable	193,809	-	193,809
Deferred/unearned revenues	2,692,640	643,687	3,336,327
Due in one year or less	350,000	280,000	630,000
Due in more than one year	3,610,451	20,406,210	24,016,661
Total liabilities	7,308,810	21,755,927	29,064,737
NET ASSETS			
Invested in capital assets, net related debt	17,894,822	9,835,736	27,730,558
Restricted for:			
Debt service and special projects	7,071,287	-	7,071,287
Unrestricted	1,925,996	7,778,924	9,704,920
Total net assets	\$ 26,892,105	\$ 17,614,660	\$ 44,506,765

The notes to the financial statements are an integral part of this statement.

**CITY OF SANGER
STATEMENT OF ACTIVITIES
JUNE 30, 2010**

	Program Revenues				Net (Expense) Revenue and Change in Net Assets		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Grants and Contributions	Primary Government		
<u>Functions/Programs</u>					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
City council	\$ 271,191	\$ -	\$ -	\$ -	\$ (271,191)	\$ -	\$ (271,191)
City manager	2,054,876	-	-	-	(2,054,876)	-	(2,054,876)
Administrative services	3,640,835	1,702,359	362,733	-	(1,575,743)	-	(1,575,743)
Community services	679,535	116,488	27,098	-	(535,949)	-	(535,949)
Police department	4,586,191	95,477	184,981	70,546	(4,235,187)	-	(4,235,187)
Fire & Emergency services	454,507	35,524	-	-	(418,983)	-	(418,983)
Development services	770,220	25,643	-	-	(744,577)	-	(744,577)
Public works	947,747	1,689,032	300,002	1,624,868	2,666,155	-	2,666,155
Economic development	947,333	-	-	-	(947,333)	-	(947,333)
Non-departmental	756,545	15,230	2,582,658	-	1,841,343	-	1,841,343
Interest on long-term debt (unallocated)	163,998	-	-	-	(163,998)	-	(163,998)
Depreciation expense (unallocated)	2,517,764	-	-	-	(2,517,764)	-	(2,517,764)
Total governmental activities	<u>17,790,742</u>	<u>3,679,753</u>	<u>3,457,472</u>	<u>1,695,414</u>	<u>(8,958,103)</u>	<u>-</u>	<u>(8,958,103)</u>
Business-type activities:							
Water	2,728,159	2,498,718	-	-	-	(229,441)	(229,441)
Sewer	4,229,046	3,874,238	-	-	-	(354,808)	(354,808)
Disposal	2,779,474	3,135,338	-	-	-	355,864	355,864
Ambulance	1,615,566	1,756,880	-	-	-	141,314	141,314
Total business-type activities	<u>11,352,245</u>	<u>11,265,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(87,071)</u>	<u>(87,071)</u>
Total primary government	<u>\$ 29,142,987</u>	<u>\$ 14,944,927</u>	<u>\$ 3,457,472</u>	<u>\$ 1,695,414</u>	<u>\$ (8,958,103)</u>	<u>\$ (87,071)</u>	<u>\$ (9,045,174)</u>
General revenues							
Taxes					8,953,445	-	8,953,445
Licenses and permits					114,767	-	114,767
Fines and penalties					78,508	-	78,508
Revenue from use of money and property					21,806	-	21,806
Fees and other revenues					1,230,574	178,329	1,408,903
Transfers in (out)					45,000	(45,000)	-
Total general revenues and transfers					<u>10,444,100</u>	<u>133,329</u>	<u>10,577,429</u>
Change in net assets					1,485,997	46,258	1,532,255
Net assets - July 1, 2009					25,406,108	17,568,402	42,974,510
Net assets - June 30, 2010					<u>\$ 26,892,105</u>	<u>\$ 17,614,660</u>	<u>\$ 44,506,765</u>

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**CITY OF SANGER
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	<u>General</u>	<u>Redevelopment Agency</u>	<u>Measure S District Sales Tax</u>
ASSETS			
Cash and investments			
Unrestricted	\$ 192,423	\$ 787,567	\$ 1,262,524
Cash with fiscal agent	-	394,944	-
Receivables			
Accounts	524,646	8,270	199,900
Intergovernmental	-	-	-
Land held for investment	-	2,410,848	-
Due from other funds	-	-	-
Notes receivable	-	1,004,994	-
Total assets	<u>\$ 717,069</u>	<u>\$ 4,606,623</u>	<u>\$ 1,462,424</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 114,323	\$ 388	\$ 1,394
Advances/ loans from other funds	1,236,291	1,169,373	-
Due to other funds	-	611,756	-
Deferred/unearned revenue	-	1,004,994	-
Total liabilities	<u>1,350,614</u>	<u>2,786,511</u>	<u>1,394</u>
Fund balances:			
Reserved	8,764	1,636,419	124,528
Unreserved, reported in:			
General fund	(642,309)	-	-
Special Revenue Fund	-	183,693	1,336,502
Total fund balances	<u>(633,545)</u>	<u>1,820,112</u>	<u>1,461,030</u>
Total liabilities and fund balances	<u>\$ 717,069</u>	<u>\$ 4,606,623</u>	<u>\$ 1,462,424</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF SANGER
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	Developers Fees Funds	Other Governmental Funds	Total Governmental
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments			
Unrestricted	\$ 1,047,466	\$ 3,694,063	\$ 6,984,043
Cash with fiscal agent	-	320,901	715,845
Receivables			
Accounts	-	1,102,828	1,835,644
Intergovernmental	-	465,098	465,098
Land held for investment	-	-	2,410,848
Due from other funds	1,621,447	-	1,621,447
Notes receivable	-	-	1,004,994
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,668,913</u>	<u>\$ 5,582,890</u>	<u>\$ 15,037,919</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 285	\$ 421,853	\$ 538,243
Advances/ loans from other funds	-	-	2,405,664
Due to other funds	-	619,130	1,230,886
Deferred/unearned revenue	2,668,628	29,012	3,702,634
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>2,668,913</u>	<u>1,069,995</u>	<u>7,877,427</u>
Fund balances:			
Reserved	-	320,901	2,090,612
Unreserved, reported in:			
General fund	-	-	(642,309)
Special Revenue Fund	-	4,191,994	5,712,189
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>-</u>	<u>4,512,895</u>	<u>7,160,492</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 2,668,913</u>	<u>\$ 5,582,890</u>	<u>\$ 15,037,919</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF SANGER
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010**

Fund balances of governmental funds	\$ 7,160,492
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
<p>Long-term notes receivable were not current available resources. Therefore, in the governmental funds balance sheet, they were offset by deferred revenue. In the Government-Wide Statement of Net Assets, deferred revenue was netted against the notes receivable. The following amounts represent the net realizable value of the notes receivable</p>	
Notes receivable	(1,004,994)
Deferred revenue	1,004,994
<p>Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.</p>	
Governmental capital assets	23,595,523
Capital assets of internal service funds	14,086
<p>Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Assets.</p>	
	450,378
<p>Long-term debt, compensated absences and claims payable from the General long-term Debt Account Group that have not been included in the governmental fund activity:</p>	
	(4,360,451)
<p>Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.</p>	
	(70,885)
<p>Unamortized issuance costs on revenue bonds payable has not been reported in the governmental funds.</p>	
	<u>102,962</u>
Net assets of governmental activities	<u><u>\$ 26,892,105</u></u>

The notes to the financial statements are an integral part of this statement.

**CITY OF SANGER
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	General	Redevelopment Agency	Measure S District Sales Tax
REVENUES			
Taxes	\$ 4,825,554	\$ 1,519,321	\$ 1,416,186
Licenses and permits	114,767	-	-
Fines and penalties	75,095	-	-
Revenue from use of money and property	332	(14,870)	7,109
Charges for services	223,980	-	-
Intergovernmental revenues	2,597,577	-	-
Fees and other revenues	414,202	775,290	-
Total revenues	<u>8,251,507</u>	<u>2,279,741</u>	<u>1,423,295</u>
EXPENDITURES			
Current			
City Council	271,191	-	-
City Manager	1,772,686	-	-
Administrative services	-	-	-
Community services	602,956	-	-
Police department	3,955,934	-	400,553
Fire & emergency services	-	-	304,960
Development services	494,970	218,894	-
Public works	944,289	-	-
Economic development	-	921,220	-
Non-departmental	756,414	-	-
Capital outlay	2,037	-	170,281
Debt service:			
Principal	5,000	380,000	-
Interest	17,014	155,135	-
Total expenditures	<u>8,822,491</u>	<u>1,675,249</u>	<u>875,794</u>
Excess (deficiency) of revenues over expenditures	<u>(570,984)</u>	<u>604,492</u>	<u>547,501</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	845,026	282,105	-
Transfers out	-	(282,105)	-
Total other financing sources and uses	<u>845,026</u>	<u>-</u>	<u>-</u>
Net change in fund balances	274,042	604,492	547,501
Fund balances - beginning	<u>(907,587)</u>	<u>1,215,620</u>	<u>913,529</u>
Fund balances - ending	<u>\$ (633,545)</u>	<u>\$ 1,820,112</u>	<u>\$ 1,461,030</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF SANGER
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Developers Fees Funds	Other Governmental Funds	Total Governmental
REVENUES			
Taxes	\$ 91,780	\$ 1,100,604	\$ 8,953,445
Licenses and permits	-	-	114,767
Fines and penalties	-	3,413	78,508
Revenue from use of money and property	-	29,235	21,806
Charges for services	-	-	223,980
Intergovernmental revenues	-	2,555,309	5,152,886
Fees and other revenues	-	41,082	1,230,574
Total revenues	<u>91,780</u>	<u>3,729,643</u>	<u>15,775,966</u>
EXPENDITURES			
Current			
City Council	-	-	271,191
City Manager	-	-	1,772,686
Administrative services	-	309,500	309,500
Community services	-	-	602,956
Police department	-	64,490	4,420,977
Fire & emergency services	-	-	304,960
Development services	-	-	713,864
Public works	-	70,957	1,015,246
Economic development	-	-	921,220
Non-departmental	-	131	756,545
Capital outlay	91,780	2,063,588	2,327,686
Debt service:			
Principal	-	-	385,000
Interest	-	-	172,149
Total expenditures	<u>91,780</u>	<u>2,508,666</u>	<u>13,973,980</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>1,220,977</u>	<u>1,801,986</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	1,127,131
Transfers out	-	(800,026)	(1,082,131)
Total other financing sources and uses	<u>-</u>	<u>(800,026)</u>	<u>45,000</u>
Net change in fund balances	-	420,951	1,846,986
Fund balances - beginning	<u>-</u>	<u>4,091,944</u>	<u>5,313,506</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 4,512,895</u>	<u>7,160,492</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF SANGER
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Amounts Reported for governmental activities in the statement of activities are different because of the items described below:

Net changes in fund balances - total governmental funds	\$ 1,846,986
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	1,763,790
Depreciation expense on capital assets is reported in the government-wide statement and changes in net assets, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure on the fund statements.	
Governmental capital assets	(2,510,757)
Capital assets of internal service funds	(7,683)
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net expenditure of the internal service funds was reported with governmental activities.	(78,920)
Compensated absences reported in the statement of activities that do not require the use of current financial resources are not reported on the fund statements, but are reported as an expense in the government-wide statements.	40,622
Repayment of long-term principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net assets.	441,163
Accrued interest payable is not reported in the governmental funds.	8,151
Amortization expense on bond issuance costs is reported in the government-wide statement and changes in net assets, but it does not require the use of current financial resources. Therefore, amortization expense is not reported as an expenditure on the fund statements.	<u>(17,355)</u>
Change in net assets of governmental activities	<u><u>\$ 1,485,997</u></u>

The notes to the financial statements are an integral part of this statement.

PROPRIETARY FUNDS

**CITY OF SANGER
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010**

	<u>Water</u>	<u>Sewer</u>	<u>Disposal</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,170,818	\$ 658,686	\$ 356,568
Receivables (net of allowance)	620,930	666,528	498,699
Inventory	-	-	-
Prepaid Items	-	-	-
Total current assets	<u>1,791,748</u>	<u>1,325,214</u>	<u>855,267</u>
Notes receivable	400,000	-	-
Interfund loans receivable	3,288,573	-	-
Bond issuance costs	-	639,979	-
Restricted Assets:			
Restricted cash, cash equivalents and investment	-	2,133,962	-
Capital assets:			
Land	17,285	1,308,257	-
General property and equipment	19,196,282	26,566,797	3,592,232
Less accumulated depreciation	<u>(7,237,138)</u>	<u>(10,208,133)</u>	<u>(3,312,332)</u>
Total capital assets (net of accumulated depreciation)	<u>11,976,429</u>	<u>17,666,921</u>	<u>279,900</u>
Total noncurrent assets	<u>15,665,002</u>	<u>20,440,862</u>	<u>279,900</u>
Total assets	<u>17,456,750</u>	<u>21,766,076</u>	<u>1,135,167</u>
LIABILITIES			
Current liabilities:			
Accounts payable	119,636	170,619	12,658
Deposits	119,658	-	-
Due to other funds	-	-	-
Unearned revenue	440,439	613	202,635
Due in one year or less	-	280,000	-
Total current liabilities	<u>679,733</u>	<u>451,232</u>	<u>215,293</u>
Non-current liabilities:			
Interfund loans payable	-	882,909	-
Claims payable	-	-	-
Due in more than one year	<u>64,415</u>	<u>19,995,445</u>	<u>189,610</u>
Total non-current liabilities	<u>64,415</u>	<u>20,878,354</u>	<u>189,610</u>
Total liabilities	<u>744,148</u>	<u>21,329,586</u>	<u>404,903</u>
NET (DEFICIT) ASSETS			
Invested in capital assets, net related debt	11,976,429	(2,456,905)	279,900
Unrestricted	<u>4,736,173</u>	<u>2,893,395</u>	<u>450,364</u>
Total net (deficit) assets	<u>\$ 16,712,602</u>	<u>\$ 436,490</u>	<u>\$ 730,264</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF SANGER
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010**

	<u>Ambulance</u>	<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 14,943	\$ 2,201,015	\$ 474,252
Receivables (net of allowance)	234,809	-	3,973
Inventory	-	-	13,744
Prepaid Items	-	-	163,677
Total current assets	<u>249,752</u>	<u>2,201,015</u>	<u>655,646</u>
Notes receivable	-	400,000	-
Interfund loans receivable	-	3,288,573	-
	-	639,979	-
Restricted Assets:			
Restricted cash, cash equivalents and investment	-	2,133,962	-
Capital assets:			
Land	-	1,325,542	-
General property and equipment	360,788	49,716,099	483,095
Less accumulated depreciation	<u>(324,476)</u>	<u>(21,082,079)</u>	<u>(469,009)</u>
Total capital assets (net of accumulated depreciation)	<u>36,312</u>	<u>29,959,562</u>	<u>14,086</u>
Total noncurrent assets	<u>36,312</u>	<u>36,422,076</u>	<u>14,086</u>
Total assets	<u>286,064</u>	<u>38,623,091</u>	<u>669,732</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,459	306,372	3,345
Deposits	-	119,658	8,114
Due to other funds	390,561	390,561	-
Unearned revenue	-	643,687	-
Due in one year or less	-	280,000	-
Total current liabilities	<u>394,020</u>	<u>1,740,278</u>	<u>11,459</u>
Non-current liabilities:			
Interfund loans payable	-	882,909	-
Claims payable	-	-	193,809
Due in more than one year	<u>156,740</u>	<u>20,406,210</u>	<u>-</u>
Total non-current liabilities	<u>156,740</u>	<u>21,289,119</u>	<u>193,809</u>
Total liabilities	<u>550,760</u>	<u>23,029,397</u>	<u>205,268</u>
NET (DEFICIT) ASSETS			
Invested in capital assets, net related debt	36,312	9,835,736	14,086
Unrestricted	<u>(301,008)</u>	<u>7,778,924</u>	<u>450,378</u>
Total net (deficit) assets	<u>\$ (264,696)</u>	<u>\$ 17,614,660</u>	<u>\$ 464,464</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF SANGER
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR YEAR ENDED JUNE 30, 2010**

	<u>Water</u>	<u>Sewer</u>	<u>Disposal</u>
Operating revenues:			
Charges for service	\$ 2,498,718	\$ 3,874,238	\$ 3,135,338
Fees and other revenues	115,462	54,250	8,617
Total operating revenues	<u>2,614,180</u>	<u>3,928,488</u>	<u>3,143,955</u>
Operating Expenses:			
Salaries and benefits	748,025	1,033,677	1,034,138
Vehicle operations	746,856	942,117	803,812
Depreciation expense	547,463	638,198	193,298
General and administrative expense	685,815	709,060	742,509
Total operating expenses	<u>2,728,159</u>	<u>3,323,052</u>	<u>2,773,757</u>
Operating income (loss)	<u>(113,979)</u>	<u>605,436</u>	<u>370,198</u>
Nonoperating revenues (expenses):			
Intergovernmental	-	-	-
Interest expense	-	(905,994)	(5,717)
Total nonoperating revenue (expenses)	<u>-</u>	<u>(905,994)</u>	<u>(5,717)</u>
Income (loss) before transfers	(113,979)	(300,558)	364,481
Transfers out	<u>(45,000)</u>	<u>-</u>	<u>-</u>
Change in net assets	(158,979)	(300,558)	364,481
Total net assets (deficit), beginning	<u>16,871,581</u>	<u>737,048</u>	<u>365,783</u>
Total net assets (deficit), ending	<u>\$ 16,712,602</u>	<u>\$ 436,490</u>	<u>\$ 730,264</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF SANGER
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR YEAR ENDED JUNE 30, 2010**

	Ambulance	Total	Governmental Activities Internal Service Funds
Operating revenues:			
Charges for service	\$ 1,756,880	\$ 11,265,174	\$ 3,455,773
Fees and other revenues	-	178,329	-
Total operating revenues	<u>1,756,880</u>	<u>11,443,503</u>	<u>3,455,773</u>
Operating Expenses:			
Salaries and benefits	1,029,169	3,845,009	702,426
Vehicle operations	146,445	2,639,230	2,802,950
Depreciation expense	50,701	1,429,660	7,683
General and administrative expense	389,251	2,526,635	9,317
Total operating expenses	<u>1,615,566</u>	<u>10,440,534</u>	<u>3,522,376</u>
Operating income (loss)	<u>141,314</u>	<u>1,002,969</u>	<u>(66,603)</u>
Nonoperating revenues (expenses):			
Intergovernmental	-	-	(20,000)
Interest expense	-	(911,711)	-
Total nonoperating revenue (expenses)	<u>-</u>	<u>(911,711)</u>	<u>(20,000)</u>
Income (loss) before transfers	141,314	91,258	(86,603)
Transfers out	-	(45,000)	-
Change in net assets	141,314	46,258	(86,603)
Total net assets (deficit), beginning	<u>(406,010)</u>	<u>17,568,402</u>	<u>551,067</u>
Total net assets (deficit), ending	<u>\$ (264,696)</u>	<u>\$ 17,614,660</u>	<u>\$ 464,464</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF SANGER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR YEAR ENDED JUNE 30, 2010**

	Proprietary Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Total operating revenues	\$ 11,133,965	\$ 3,459,428
Intergovernmental expenditures	174,055	(20,000)
Payments to employees	(3,759,288)	(702,426)
Maintenance and operations	(4,136,707)	(2,853,864)
Net cash provided by operating activities	3,412,025	(116,862)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Operating transfers out	(45,000)	-
Net cash provided by noncapital and related financing activities	(45,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest expense	(873,975)	-
Payments on long-term debt	(179,997)	-
Net cash used in capital and related financing activities	(1,053,972)	-
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Purchase of fixed assets	(488,846)	-
Receipt on long-term receivables	50,000	-
Interest income	-	-
Net cash provided by investing activities	(438,846)	-
Net increase in cash	1,874,207	(116,862)
Cash, beginning of year	2,460,770	591,114
Cash, end of year	\$ 4,334,977	\$ 474,252
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 1,002,969	\$ (66,603)
Adjustment to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,429,660	7,683
Intergovernmental expenditures	-	(20,000)
(Increase) decrease in:		
Receivables	(79,789)	(2,242)
Due from other funds	1,195,385	-
Intergovernmental receivables	458,189	-
Inventory	-	3,956
Prepaid expenses	-	-
Increase (decrease) in:		
Accounts payable	13,804	(45,553)
Compensated absences	85,721	-
Due to other funds	(180,031)	-
Other current liabilities	-	-
Deposits	(17,775)	5,897
Intergovernmental payables	(284,134)	-
Deferred revenues	(211,974)	-
Net cash provided by operating activities	\$ 3,412,025	\$ (116,862)
NON CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Bond discount amortization	\$ (37,736)	\$ -

The notes to the financial statements are an integral part of this statement.

**CITY OF SANGER
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR YEAR ENDED JUNE 30, 2010**

	<u>Total Trust and Agency Funds</u>
ASSETS	
Cash and short-term investments	\$ 1,548,792
Cash with fiscal agent	111,251
Receivables (net allowances)	<u>108,420</u>
Total assets	<u><u>\$ 1,768,463</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 611
Accrued wages	321,100
Deposits	1,068,831
Deferred revenue	7,500
Due to bond holders	<u>370,421</u>
Total liabilities	<u><u>\$ 1,768,463</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(1) Summary of significant accounting policies

A. Reporting Entity

The City of Sanger (City) was incorporated as a general law city and as such draws its authority from the Constitution and laws of the State of California. The City has a council/manager form of government and is governed by a five-member elected council. The City Manager is appointed by the City Council. The City provides the following services: police, community services, street construction and maintenance, planning and zoning, street cleaning, transit, sanitation, and general administrative services.

The accompanying basic financial statements include the financial activities of the City and its component units, the Redevelopment Agency of the City of Sanger (Agency) and the Sanger Public Financing Authority (Authority). Financial information for the City and its component units are accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board.

Blended component units - The Agency and the Authority boards are comprised solely of the same individuals who comprise the City Council, and their administrative staff are comprised of City employees. The Agency is reported as a governmental fund and the Authority is blended in with the City's Sewer Fund and is reported as a proprietary fund.

Separate financial statements are produced by the Agency and Authority and may be obtained from the City of Sanger, 1700 7th Street, Sanger, California 93657.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

B. Basis of Accounting/Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

B. Basis of Accounting/Measurement Focus (Continued)

Government-wide and fund financial statements - The City government-wide financial statements include a statement of net assets and a statement of activities and changes in net assets. These statements present summaries of governmental and business-type activities for the City accompanied by a total column.

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets appraised on June 30, 2006 and acquired after July 1, 2006, and long-term liabilities, are included in the accompanying statement of net assets. The statement of activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the statement of net assets have been eliminated. In the statement of activities, interfund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure. In addition, the City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements to its business-type activities.

Governmental Fund Financial Statements - Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements to explain the differences created by the integrated approach of GASB Statement No 34.

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

B. Basis of Accounting/Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

All governmental funds are accounted for under a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on these balance sheets. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash during the year or within 60 days after year-end. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenue and other forms of tax. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The City reports the following major governmental funds:

General Fund - The General Fund is the City's general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue source is an ad valorem specially assessed tax override. These governmental functions are not financed with bonded indebtedness.

Redevelopment Agency Fund - The Agency consists of three funds used to account for operational, debt service and low and moderate income projects. All funds have been combined for presentation in these financial statements.

Measure S – District Sales Tax - A 3/4 cent District Sales Tax imposed in the City to fund Police, Fire, Paramedic, 9-1-1 Emergency, and Gang/Drug Prevention Services.

Developers Fees Funds – accounts for fees placed on the development of land. Fees are an offset to the future impact that the development will have on either infrastructure.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements - includes a statement of fund net assets, a statement of revenues, expenses, and changes in fund net assets, and a statement of cash flows for each major proprietary fund and for non-major funds.

The City of Sanger reports the following Proprietary funds:

Water Fund –accounts for the operations related to the City's water delivery system.

Sewer Fund – accounts for financial activity relative to construction, maintenance and repair of the sanitary sewer system.

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

B. Basis of Accounting/Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

Disposal Fund - accounts for activities related to refuse collection, street sweeping and City recycling services.

Ambulance Fund – accounts for the operations related to the delivery of emergency medical services and transportation to a hospital.

Enterprise funds are accounted for using the *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the statement of fund net assets. The statement of revenues, expenses, and changes in fund net assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they occur while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the enterprise funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Investments

Under the City's cash management program, cash in excess of operating requirements from all funds is pooled with the purpose of maximizing interest through investment activities, and is deposited in savings accounts or invested in bank certificates of deposit, bank money market accounts and the State of California Local Agency Investment Fund (LAIF). Interest income on pooled investments is allocated on the end of month balance in each fund included in the pools.

For purposes of the statement of cash flows, the City considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments of the enterprise funds are pooled with the City's pooled cash and investments.

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

B. Basis of Accounting/Measurement Focus (Continued)

Receivables and Payables

Activity between funds that represents lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “interfund advances receivable/payable” (i.e. the non-current portion of interfund loans).

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.

Enterprise fund receivables are shown net of an allowance for uncollectible accounts. All customers are billed monthly. The estimated value of services provided, but unbilled at year-end has been included in the accompanying financial statements.

Property taxes are assessed, collected and allocated by Fresno County throughout the fiscal year according to the following property tax calendar. The property taxes attach as an enforceable lien on property as of January 1st each year, with other dates of significance being:

Levy Date	January 1 st
Due Dates	November 1 st , 1 st installment; February 1 st , 2 nd installment
Delinquent Dates	December 10 th , 1 st installment, April 10 th , 2 nd installment

City property tax revenues are recognized when received in cash except at year-end when available taxes, or those collected within 60 days of fiscal year end, are accrued pursuant to the modified accrual basis of accounting. Revenue from taxpayer-assessed taxes (sales and use, business license, transient occupancy, utility users, gas, and franchise fees) are accrued in the governmental funds when they are both measurable and available. The City considers these revenues available if they are received during the period when settlement of prior fiscal year accounts payable occurs. Historically, the majority of these taxes are received within 60 days of the fiscal year end.

Grant and entitlement revenues are recorded as receivables in the funds when all eligibility requirements have been met. The corresponding governmental fund revenues are recorded in governmental funds when they become available, with the differences recorded as unearned revenue. Enterprise fund revenues are recorded as operating revenues when the receivables are recorded. Some grant and entitlement revenues are not susceptible to accrual, in which case the corresponding revenues are recorded when received.

Restricted Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City’s policy is to apply restricted net assets first.

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

B. Basis of Accounting/Measurement Focus (Continued)

Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$5,000. The City has chosen not to capitalize infrastructure in place prior to the adoption of GASB 34. Gifts or contributions of capital assets are recorded at fair value when received. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Vehicles	5 years
Machinery and equipment	5-20 years
Buildings and improvements	15-40 years
Infrastructure	35-50 years

The City defines infrastructure as capital assets that are stationary and have expected useful lives significantly in excess of most capital assets. The assets include the street system, sewer collection and treatment system, park and recreation improvements, storm water conveyance system, and permanent monuments and signage.

Compensated Absences Payable

Vested or accumulated vacation leave that is expected to be liquidated with expendable available resources is reported as an expenditure and related fund liability of the governmental fund responsible for payment. Amounts of vested or accumulated vacation leave and benefits that are not expected to be liquidated with expendable available resources are reported in the non-current portion of the obligations reported in the government-wide statement of net assets with corresponding changes in account balances reported as expenses in the statement of activities. Vested or accumulated enterprise fund vacation leave and benefits are expensed with a corresponding fund liability for these unpaid accrued employee benefits. Vacation pay accruals generally do not exceed the amount earned for one year; however, an employee may accumulate up to a maximum of 320 hours of earned vacation time after which no further vacation accrues to the employee.

Long-Term Obligations

In the government-wide and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as costs of issuance, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

B. Basis of Accounting/Measurement Focus (Continued)

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose.

In the government-wide financial statements, net assets are classified in the following categories:

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

Restricted net assets – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – This resulting category presents the remaining City net assets and this measure of equity is unrestricted, legally or otherwise.

Stewardship (Budget)

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at year-end. The budget process is briefly summarized as follows:

- In June, the City Manager submits a proposed operating budget for the fiscal year commencing the following July 1 to the City Council. The operating budget includes proposed expenditures and means of financing them.
- The City Council holds public hearings on the proposed operating budget.
- As near as possible to July 1, the budget is legally enacted through passage of an appropriation resolution.
- Supplemental appropriations during the year may be approved by the City Council.
- The City Manager is authorized to transfer budgeted amounts between departments within any fund; however any change to total expenditures of any fund must be approved by the City Council.

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(2) Cash and Investments

The City's investment policy is consistent with guidelines set forth under State of California Government Code Section 53601 and serves to maximize investment income consistent with safe and prudent investment practices. All surplus funds are managed by the Finance Director in compliance with the Statement of Investment Policy adopted by the City Council which delegates to the Finance Director the authority to invest City funds and to deposit securities.

The City follows the practice of pooling cash and investments of all funds. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on the month-end cash and investment balances.

The City's cash, cash equivalents, and investments consist of the following at June 30, 2010:

Deposits	\$	4,517,732
Petty cash		4,289
LAIF		6,686,081
Cash and cash equivalents		11,208,102
Investments with Fiscal Agents		2,961,058
	\$	14,169,160

The City's deposits and investments are reflected in the accompanying basic financial statements as follows:

	Governmental Activities	Business Type Activities	Fiduciary Funds	Total
Cash and Cash Equivalents	\$ 7,458,295	\$ 2,201,015	\$ 1,548,792	\$11,208,102
Cash with Fiscal Agents	715,845	-	111,251	827,096
Restricted Cash	-	2,133,962	-	2,133,962
	\$ 8,174,140	\$ 4,334,977	\$ 1,660,043	\$14,169,160

Deposits

The City maintains a cash investment pool that is available for all funds. Each fund type balance in the pool is reflected on the statement of net assets as cash and cash equivalents at June 30, 2010. The carrying amount of the City's deposits was \$4,517,732 and the bank balance was \$4,869,197 which was either insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus collateral for cash deposits is considered to be held in the City's name. The market value of the pledged securities must equal at least 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits.

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(2) Cash and Investments (Continued)

Local Agency Investment Fund (LAIF)

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investments in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). As of June 30, 2010, the balance is \$6,686,081. The balance available for withdrawals is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investments

As of June 30, 2010, the City had the following investments:

Investment Types	Book Value	Maturities in years	
		Less than 1	1 to 5
Money Market Fund	\$ 2,640,157	\$ 2,640,157	\$ -
Local Agency Investment Fund	6,686,081	6,686,081	-
County of Fresno Investment Pool	320,901	320,901	-
Total Investments	9,647,139	\$ 9,647,139	\$ -

Authorized Investments

Under provision of the City's investment policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

Securities of the U.S. Government, or its Agencies	Local agency investment fund deposits
Certificates of deposit (or time deposits) placed with commercial banks and/or savings & loan companies	Medium-term corporate notes
Negotiable certificates of deposit	Money market funds
	Repurchase agreements

The City's investments by the investments manager are as follows:

City Treasurer	\$ 6,686,081
Fiscal Agents (Bond trustees for the City and its component units)	2,961,058
	<u>\$ 9,647,139</u>

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(2) Cash and Investments (Continued)

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

The City investments are subject to immediate liquidation, therefore, the City is exposed to interest rate risk if interest rates fall.

Credit Risk

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSRO's). It is in the City's policy to limit its investments in these investment types to the top rating issued by NRSRO's, including raters Standard & Poor's and Moody's Investors Services.

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

<u>Investment Type</u>	<u>AAA</u>	<u>A-1+</u>	<u>Total</u>
Money Market Fund	2,640,157	-	2,640,157
Totals	<u>2,640,157</u>	<u>-</u>	<u>2,640,157</u>
Not rated:			
California Local Agency Investment Fund			6,686,081
County of Fresno Investment Pool			<u>320,901</u>
Total Investments			<u><u>9,647,139</u></u>

(3) Notes Receivable

Governmental activities notes receivable are not recognized into revenue until collected and are reflected in the governmental fund financial statements as deferred revenues. In the statement of net assets, they are netted to reflect its net realizable value at zero until collected.

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(3) Notes Receivable (Continued)

At June 30, 2010, the City's notes receivable consisted of the following:

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2010</u>
Governmental Activities:				
Redevelopmental Agency				
Low income housing loans	\$ 345,982	\$ 125	\$ 30,291	\$ 315,816
Down Payment Assistance Program	145,160	164,497	18,868	290,789
Owners Participation Agreement - Avalonn Communities	500,000	-	500,000	-
Business Improvement Loans	523,016	27,963	152,590	398,389
Total Redevelopment Agency	<u>1,514,158</u>	<u>192,585</u>	<u>701,749</u>	<u>1,004,994</u>
Total Government Activities	<u>1,514,158</u>	<u>192,585</u>	<u>701,749</u>	<u>1,004,994</u>
Business-Type Activities:				
1995 Subordinate Tax Increment Revenue Bonds	450,000	-	50,000	400,000
Total Business-Type Activities	<u>450,000</u>	<u>-</u>	<u>50,000</u>	<u>400,000</u>
Total	<u>\$ 1,964,158</u>	<u>\$ 192,585</u>	<u>\$ 751,749</u>	<u>\$ 1,404,994</u>

At June 30, 2010, the Agency was owed \$315,816 from various non-interest and low interest bearing low income housing loans, secured by deeds of trust. Maturities vary according to terms and disposition of property.

At June 30, 2010, the Agency was owed \$290,789 under the provisions of the Down Payment Assistance Loan Program, which provides non-interest loans to low and moderate income first-time home buyers for down payments required to purchase a new or existing home in the City. The loans are secured by deeds of trust and liens are recorded against the subjected property.

At June 30, 2010, the Agency was owed \$398,389 from various development and improvement loans. Development loans are interest bearing ranges from 3.2% to 6.0%, and improvement loans are non-interest bearing and secured by deeds of trust. Maturities vary according to terms.

At June 30, 2010, the City's Water Enterprise Fund was owed \$400,000 under terms of a loan agreement. During 1994-95, the Authority borrowed money from the Water Fund.

**CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

(3) Notes Receivable (Continued)

The annual requirements to amortize the note receivable are as follows:

Year ending June 30,	1995 Subordinate Tax Increment Revenue Bonds		
	Principal	Interest	Total
2011	50,000	20,000	70,000
2012	65,000	17,500	82,500
2013	65,000	14,250	79,250
2014	70,000	11,000	81,000
2015	75,000	7,500	82,500
2016	75,000	3,750	78,750
	<u>\$ 400,000</u>	<u>\$ 74,000</u>	<u>\$ 474,000</u>

(4) Interfund Activities

Current interfund balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year.

	Due To	Due From
Governmental Funds		
Traffic Safety Fund	\$ 4,112	\$ -
Transportation Equity Act 21	19,285	-
ARRA Grant	59,082	-
Safe Route To Schools	17,669	-
Water Infrastructure State Grant	525	-
Sanger Skate Park	159,607	-
Sanger Youth Center Grant	122,260	-
Community Development Block Grant	60,634	-
Local Public Safety Funds	3,307	-
COPS Hiring Recovery Program	41,082	-
Youth Center Remodel	127,916	-
Bulletproof Vest Program	3,584	-
Landscape & Lighting Funds	67	-
Redevelopment Agency	611,756	-
Developers Fees Fund	-	1,621,447
Business Type Funds		
Ambulance Fund	390,561	-
	<u>\$ 1,621,447</u>	<u>\$ 1,621,447</u>

**CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

(4) Interfund Activities (Continued)

Interfund loans receivable and payable

As of June 30, 2010, balances of interfunds loans receivable / loans payable were as follows:

	Loans Receivable	Loans Payable
Governmental Activities		
General	\$ -	\$ 1,236,291
Redevelopment Agency Fund	-	1,169,373
Business Type Activities		
Water Fund	3,288,573	-
Sewer Fund	-	882,909
	\$ 3,288,573	\$ 3,288,573

At June 30, 2010, the City's Water Enterprise Fund was owed \$3,288,573 under terms of ten loan agreements as described below:

General Fund

During 2001-02, the General Fund borrowed money in the amount of \$382,000 from the Water Fund for the purchase of a fire truck and equipment. The outstanding balance as of June 30, 2010 was \$98,802.

The annual requirements to amortize the note receivable are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	98,802	5,928	104,730
Total	98,802	5,928	104,730

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(4) Interfund Activities (Continued)

Interfund loans receivable and payable (Continued)

General Fund (Continued)

During 2008-09, the General Fund borrowed money in the amount of \$1,199,200 from the Water Fund for the purchase of a new Sanger Youth Center Building. The outstanding balance as of June 30, 2010 was \$1,137,489.

The annual requirements to amortize the note receivable are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	111,562	35,136	146,698
2012	115,009	31,690	146,699
2013	118,561	28,137	146,698
2014	122,223	24,475	146,698
2015	125,999	20,700	146,699
2016-2019	544,135	42,657	586,792
Total	<u>111,562</u>	<u>35,136</u>	<u>146,698</u>

Redevelopment Agency

During 2006-07, the Redevelopment Agency Fund borrowed money in the amount of \$1,169,373 from the Water Fund for the purchase of land located in the Sanger Industrial Park which is being held for resale purposes. The Loan is to be repaid as lots in the Sanger Industrial Park are sold or as funds become available. The interest on the loan will be calculated using the LAIF interest rate. The outstanding balance as of June 30, 2010 was \$1,169,373. The annual requirements to amortize the note receivable have not been determined at June 30, 2010.

Sewer Fund

During 2005-06, the Sewer Enterprise Fund borrowed money in the amount of \$1,216,000 from the Water Fund for the Wastewater Treatment Plant Expansion Project. The outstanding balance as of June 30, 2010 was \$645,364.

The annual requirements to amortize the note receivable are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	154,910	30,706	185,616
2012	490,454	41,673	532,127
Total	<u>645,364</u>	<u>72,379</u>	<u>717,743</u>

**CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

(4) Interfund Activities (Continued)

Interfund loans receivable and payable (Continued)

Sewer Fund (Continued)

During 2008-09, the Sewer Enterprise Fund borrowed money in the amount of \$261,399 from the Water Fund for the purchase of Solar Bee Circulators. The outstanding balance as of June 30, 2010 was \$237,545. The annual requirements to amortize the note receivable have not been determined at June 30, 2010.

The annual requirements to amortize the note receivable are as follows:

Year Ending June 30,	Principal	Interest	Total
2011	55,878	9,678	65,556
2012	58,154	7,401	65,555
2013	60,523	5,032	65,555
2014	62,989	2,566	65,555
Total	<u>237,544</u>	<u>24,677</u>	<u>262,221</u>

Transfers between funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has made expenditures on behalf of another fund or to supplement special revenues with general fund revenues.

Transfers in and out consisted of the following as of June 30, 2010:

	Transfers	
	In	Out
Governmental activities		
General Fund	\$ 845,026	\$ -
Redevelopment Agency	282,105	282,105
State Gas Tax	-	385,000
Area Agency on Aging Grant	-	32,400
Traffic Safety Fund	-	10,000
Local Public Safety Funds	-	90,000
Landscaped and Lighting Funds	-	125,000
Self Insurance Program	-	80,000
COPS Hiring Recovery Program	-	41,082
Water Quality Bonds	-	36,544
Business-type activities		
Water	-	45,000
Total Interfund Transfers	<u>\$ 1,127,131</u>	<u>\$ 1,127,131</u>

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(5) Capital Assets

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure additions as of the beginning of the 2007-2008 fiscal year in the government-wide statement of net assets. The City elected to use the basic approach whereby accumulated depreciation and depreciation expense have been recorded.

The following table presents summary information on capital assets.

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 434,923	\$ -	\$ -	\$ 434,923
Construction in progress	-	242,425	-	242,425
Total capital assets, not being depreciated	<u>434,923</u>	<u>242,425</u>	<u>-</u>	<u>677,348</u>
Capital assets, being depreciated:				
Buildings	3,796,953	-	-	3,796,953
Improvements	6,435,032	303,517	-	6,738,549
Machinery and Equipment	5,562,340	70,854	(1,089,775)	4,543,419
Infrastructure	47,136,501	1,146,994	-	48,283,495
Total capital assets being depreciated	<u>62,930,826</u>	<u>1,521,365</u>	<u>(1,089,775)</u>	<u>63,362,416</u>
Less accumulated depreciation for:				
Buildings	(2,120,069)	(72,971)	-	(2,193,040)
Improvements	(2,697,454)	(447,135)	-	(3,144,589)
Machinery and Equipment	(4,782,159)	(152,047)	1,089,775	(3,844,431)
Infrastructure	(29,401,808)	(1,846,287)	-	(31,248,095)
Total accumulated depreciation	<u>(39,001,490)</u>	<u>(2,518,440)</u>	<u>1,089,775</u>	<u>(40,430,155)</u>
Total capital assets, being depreciated, net	<u>23,929,336</u>	<u>(997,075)</u>	<u>-</u>	<u>22,932,261</u>
Governmental activities capital assets, net	<u>\$ 24,364,259</u>	<u>\$ (754,650)</u>	<u>\$ -</u>	<u>\$ 23,609,609</u>

Depreciation expense in governmental activities for capital assets for the year ended June 30, 2010 was \$2,518,440. The City did not allocate the depreciation expense to departments or functions.

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(5) Capital Assets (Continued)

The following is a summary of capital assets for business-type activities:

Business-type activities:	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 1,325,542	\$ -	\$ -	\$ 1,325,542
Capital assets, being depreciated:				
Building	2,870,238	-	-	2,870,238
Improvements	41,174,523	470,509	-	41,645,032
Machinery and equipment	<u>5,518,830</u>	<u>18,337</u>	<u>(336,338)</u>	<u>5,200,829</u>
Total capital assets being depreciated	<u>49,563,591</u>	<u>488,846</u>	<u>(336,338)</u>	<u>49,716,099</u>
Less accumulated depreciation for:				
Building	(2,320,758)	(72,566)	-	(2,393,324)
Improvements	(13,938,851)	(162,803)	-	(14,101,654)
Machinery and equipment	<u>(3,729,148)</u>	<u>(1,160,349)</u>	<u>302,396</u>	<u>(4,587,101)</u>
Total accumulated depreciation	<u>(19,988,757)</u>	<u>(1,395,718)</u>	<u>302,396</u>	<u>(21,082,079)</u>
Total capital assets, being depreciated, net	<u>29,574,834</u>	<u>(906,872)</u>	<u>(33,942)</u>	<u>28,634,020</u>
Business-type activities capital assets, net	<u>\$ 30,900,376</u>	<u>\$ (906,872)</u>	<u>\$ (33,942)</u>	<u>\$ 29,959,562</u>

For the year ended June 30, 2010, depreciation expense on capital assets was charged to the governmental functions as follows:

Business-type activities	
Water	\$ 547,463
Sewer	638,198
Disposal	193,298
Emergency	<u>50,701</u>
Total depreciation expense - business-type activities	<u>\$ 1,429,660</u>

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(6) Long-Term Obligations

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2010:

	Beginning Balance	Incurred or Issued	Satisfied or Matured	Ending Balance	Due Within One Year	Due in More than One Year
Governmental Activities:						
Bonds Payable						
2006 Tax Allocation Bond	\$ 3,260,000	\$ -	\$ 330,000	\$ 2,930,000	\$ 345,000	\$ 2,585,000
Less deferred amounts:						
For issuance discounts	(40,361)		(4,484)	(35,877)		(35,877)
Net 2006 tax allocation bonds payable	3,219,639	-	325,516	2,894,123	345,000	2,549,123
1995 Subordinate Tax Increment Revenue	450,000	-	50,000	400,000	50,000	350,000
Total bonds payable	3,669,639	-	375,516	3,294,123	395,000	2,899,123
Notes Payable						
Hideki Otani	25,000	-	10,000	15,000	5,000	10,000
Capital Leases						
Engery Retrofit Honeywell	51,163	-	51,163	-	-	-
Governmental compensated absences	1,091,985	-	40,657	1,051,328	-	1,051,328
Governmental activity Long-term liabilities	<u>\$ 4,837,787</u>	<u>\$ -</u>	<u>\$ 477,336</u>	<u>\$ 4,360,451</u>	<u>\$ 400,000</u>	<u>\$ 3,960,451</u>
Business-type activities:						
Bonds Payable						
2006 Lease Revenue Refunding Bond	\$ 20,645,000	\$ -	\$ 180,000	\$ 20,465,000	\$ 280,000	\$ 20,185,000
Less deferred amounts:						
For issuance discounts	(354,299)		(13,125)	(341,174)		(341,174)
Total bonds payable	20,290,701	-	166,875	20,123,826	280,000	19,843,826
Business Type Compensated Absences	476,663	85,721		562,384	-	562,384
Business-Type Activities Long-term liabilities	<u>\$ 20,767,364</u>	<u>\$ 85,721</u>	<u>\$ 166,875</u>	<u>\$ 20,686,210</u>	<u>\$ 280,000</u>	<u>\$ 20,406,210</u>

- Hideki Otani: On July 2, 2003 The City entered into an agreement with Hideki Otani in the amount of \$50,000 for the acquisition of the real property located at 818 "L" Street, 1119 8th Street and the northwest corner of 9th Street and "K" Street. The City is making annual installment of \$5,000 to Otani Enterprise. The note carries no interest rate and matures on August 22, 2013. At June 30, 2010, the outstanding balance of the notes was \$15,000.

The annual debt service requirements by year are as follows:

Year ending June 30,	Principal	Interest	Total
2011	5,000	-	5,000
2012	5,000	-	5,000
2013	5,000	-	5,000
	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 15,000</u>

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(6) Long-Term Obligations (Continued)

- 1995 Subordinate Tax Increment Revenue Bonds: During 1994-95, the Authority borrowed money from the Water Enterprise Fund and subsequently loaned the proceeds to the Agency to refund outstanding bonds and finance certain obligations of the Agency relating to the Project Area No. 1 and 2. The Bonds bear interest of 5.0% and are payable annually maturing through August, 2015.

Scheduled interest and principal payments on the Bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	50,000	20,000	70,000
2012	65,000	17,500	82,500
2013	65,000	14,250	79,250
2014	70,000	11,000	81,000
2015	75,000	7,500	82,500
2016	75,000	3,750	78,750
	<u>\$ 400,000</u>	<u>\$ 74,000</u>	<u>\$ 474,000</u>

- 2006 Tax Allocation Bonds: On December 1, 2006, the Agency issued Tax Allocation Bonds with a face value of \$3,950,000, at a combined original issue discount and underwriter's discount of \$53,813. Issuance costs of \$161,701 were incurred. The bond discount and issuance costs will be amortized ratably over the average 12 year life of the bond issue on a straight-line basis. The bonds bear interest ranging 3.70% to 4.75% and are payable semi-annually commencing through August, 2018.

Scheduled interest and principal payments on the Bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Amortization of Bond Discount</u>
2011	345,000	119,225	464,225	4,484
2012	355,000	105,225	460,225	4,484
2013	375,000	90,343	465,343	4,484
2014	275,000	76,719	351,719	4,484
2015	290,000	70,876	360,876	4,484
2015-2019	1,290,000	120,946	1,410,946	13,457
	<u>\$ 2,930,000</u>	<u>\$ 583,334</u>	<u>\$ 3,513,334</u>	<u>\$ 35,877</u>

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(6) Long-Term Obligations (Continued)

- 2006 Series Lease Revenue Refunding Bonds: On December 1, 2006, the Authority issued Series A & B Lease Revenue Refunding Bonds with a face value of \$20,735,000, at a combined original issue discount and underwriter's discount of \$393,666. Issuance costs of \$719,247 were incurred. The bond discount and issuance costs will be amortized ratably over the average 30 year life of the bond issue on a straight-line basis. The Bonds bear interest ranging 4.0% to 5.0% and are payable semi-annually commencing through June, 2036.

Scheduled interest and principal payments on the Bonds are as follows:

Year Ending June 30,	Principal	Interest	Total	Amortization of Bond Discount
2011	280,000	844,313	1,124,313	13,122
2012	395,000	830,313	1,225,313	13,122
2013	515,000	816,488	1,331,488	13,122
2014	530,000	798,463	1,328,463	13,122
2015	550,000	779,912	1,329,912	65,615
2016-2020	3,060,000	3,587,190	6,647,190	65,610
2021-2025	3,705,000	2,941,987	6,646,987	65,610
2026-2030	4,540,000	2,101,975	6,641,975	65,610
2031-2036	6,890,000	1,092,438	7,982,438	26,244
	<u>\$ 20,465,000</u>	<u>\$ 13,793,079</u>	<u>\$ 34,258,079</u>	<u>\$ 341,177</u>

Compensated absences

The City's policy relating to compensated absences is described in Note 1. As shown in the table of long-term obligations above, the non-current portion of this debt at fiscal year end was \$1,051,328 and \$562,384 for governmental activities and business-type activities respectively. This obligation is expected to be paid in future years from then available resources derived from the respective funds to which the employee services are rendered.

**CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

(6) Long-Term Obligations (Continued)

Long-term debt without city commitment

At June 30, 2008 the following Special assessment bonds were payable from the proceeds of the Special Tax levied and collected on all real property within the Special Districts. The City is not obligated to repay the debt in the event of a default and the debt is not recorded in the accompanying financial statements.

- 1998 Community Facility District 1 Refunding Special Assessment Bonds: In June 1998, the Community Facility District No. 1 Refunding Special Assessment Bonds, Series 1998, were issued for the purpose of refunding the 1991 Special Assessment bonds. The bonds mature annually each October 1, 1999 to 2011, in amounts ranging from \$125,000 to \$230,000. The bonds bear interest ranging from 4.30% to 5.55% and are payable semi-annually each April 1 and October 1.

The bonds and the interest thereon are payable from and secured by a first pledge of the proceeds of the Special Tax to be levied and collected on all real property within the District.

Scheduled interest and principal payments on the Bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	215,000	12,295	227,295
2012	230,000	12,765	242,765
	<u>\$ 445,000</u>	<u>\$ 25,060</u>	<u>\$ 470,060</u>

(7) Risk Management

The City is exposed to various risks and losses related to torts; theft or, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. Risk of loss is primarily handled through the Central San Joaquin Valley Risk Management Authority (CSJVRMA). CSJVRMA is a consortium of fifty-four (54) cities in the San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et seq. Central San Joaquin Valley Risk Management Authority is governed by a Board of Directors, which meets 3-4 times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by CSJVRMA. It is not a component unit of the City.

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(7) Risk Management (Continued)

General liability insurance

Annual deposits are paid by member cities and are adjusted retroactively to cover costs. Each member city has a specific retention level. The City has a retention level of \$50,000 and pays 100% of all losses incurred under \$50,000. The City does not share or pay for losses of other cities under \$50,000. Losses of \$50,000 to \$500,000 are prorated among all participating cities on a payroll basis. Losses in excess of \$500,000 are covered by excess insurance purchased by the participating cities, as a part of the pool, to a limit of \$5 million. This cost is also prorated on a payroll basis

Workers' compensation

Annual deposits are paid by member cities and are adjusted retroactively to cover costs. Each member city has a specific retention level. The City has a retention level of \$50,000 and pays 100% of all losses incurred under \$50,000. The City does not share or pay for losses of other cities under \$50,000. Losses of \$50,000 to \$500,000 are prorated among all participating cities on a payroll basis. Losses in excess of \$500,000 are covered by excess insurance purchased by the participating cities, as a part of the pool, to a limit of \$5 million. This cost is also prorated on a payroll basis

Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. The following provides a reconciliation of claims and judgments:

Claims Payable:	
Workers' compensation	\$ 193,809
Total	<u>\$ 193,809</u>

The information presented above is as of June 30, 2010 and is the most current information available.

The following is a summary of CSJVRMA's financial information as of, and for the fiscal year ended, June 30, 2008 (latest information available).

Total assets	\$ 63,349,322
Total liabilities	<u>54,045,869</u>
Net assets - restricted for future claims	<u>\$ 9,303,453</u>
Total Revenue	\$ 28,036,256
Total expenses	<u>28,432,658</u>
Change in net assets	<u>\$ (396,402)</u>

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(8) Classification of Net Assets and Fund Balances

At June 30, 2010 restrictions of net assets were as follows:

	Governmental Activities	Business-type Activities	Total
Invested in capital assets, net of related debt	\$ 17,894,822	\$ 9,835,736	\$ 27,730,558
Restricted net assets:			
Debt service	320,901	-	320,901
Special projects	6,750,386	-	6,750,386
Total restricted assets	7,071,287	-	7,071,287
Unrestricted	1,925,996	7,778,924	9,704,920
Total net assets	\$ 26,892,105	\$ 17,614,660	\$ 44,506,765

The funds financial statements consist of reserved and unreserved amounts. Reserved fund balances represent that portion of a fund balance which has been appropriated for expenditure or is legally segregated for a specific future use. The remaining portion is unreserved. As of June 30, 2010, reservations of fund balance are described below:

Reserved for Encumbrances represents commitments for materials and services on purchase orders and contracts which are unperformed.

Reserved for Land Held for Resale, Net represents reserves that are attributed to land values which are planned for sale.

Reserved for Debt Service represents amounts accumulated in accordance with a bond indenture or similar covenant.

As of June 30, 2010, fund balance reservations were as follows:

	General Fund	Redevelopment Agency	Measure S District Sales Tax Fund	Developers Fees Fund	Other Governmental Funds	Total
Reserved for:						
Encumbrances	\$ 8,764	\$ 394,944	\$ 124,528	\$ -	\$ -	\$ 528,236
Land held for resale, net	-	1,241,475	-	-	-	1,241,475
Debt service	-	-	-	-	320,901	320,901
Unreserved, undesignated						
General Fund	(642,309)	-	-	-	-	(642,309)
Special Revenue Funds	-	183,693	1,336,502	-	4,191,994	5,712,189
Total fund balances	\$ (633,545)	\$ 1,820,112	\$ 1,461,030	\$ -	\$ 4,512,895	\$ 7,160,492

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(9) Public Employee Retirement System

A. Plan Description

The City contributes to the California Public Employee Retirement System (CalPERS), a cost sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. 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, as legislatively amended, within the Public Employee's Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

B. Funding Policy

Active plan members in Miscellaneous and Safety Plans are required to contribute 7% for miscellaneous employees and 9% for safety employees of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2009/2010 was 13.369% for miscellaneous employees, 163.560% for first tier police employees, 15.067% for second tier police employees, 44.822% for first tier fire employees, and 20.370% for second tier fire employees of annual payroll. 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.

C. Annual Pension Cost

For fiscal year 2009-2010, the City's annual pension cost of \$1,106,994 for CalPERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases range from 3.25% to 14.45% for miscellaneous employees, police and fire employees depending on age, service, and type of employment; and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three year period. CalPERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2008 was 15 years for miscellaneous employees, police and fire employees, for prior and current service unfunded liability.

**CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

(9) Public Employee Retirement System (Continued)

Three-Year Trend Information for CalPERS

Miscellaneous Plan			
<u>Fiscal Year Ending</u>	<u>Annual Pension Percentage of APC</u>		<u>Net Pension Obligation</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	
6/30/08	490,368	100%	-
6/30/09	539,215	100%	-
6/30/10	455,972	100%	-

Police Plan			
<u>Fiscal Year Ending</u>	<u>Annual Pension Percentage of APC</u>		<u>Net Pension Obligation</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	
6/30/08	340,033	100%	-
6/30/09	366,012	100%	-
6/30/10	280,278	100%	-

Fire Plan			
<u>Fiscal Year Ending</u>	<u>Annual Pension Percentage of APC</u>		<u>Net Pension Obligation</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	
6/30/08	330,155	100%	-
6/30/09	375,723	100%	-
6/30/10	370,744	100%	-

Schedule of Funding Progress – The City’s miscellaneous and safety plans became part of the CalPERS Risk Pool for employers with less than 100 active plan members. As part of a cost-sharing multiple-employer defined benefits plan, stand-alone information on the funding progress is not available. CalPERS does not publish the schedule of funding progress for this risk pool in its annual reports but provides the City with such information to be included in these financial statements as required supplementary information.

(10) Deficit Fund Equity

The following funds had a deficit fund balance as of June 30, 2010:

General Fund	\$	(633,545)
Traffic Safety Fund	\$	(4,112)
Transportation Equity Act 21	\$	(19,530)
State Targeted RAC Grant	\$	(176,904)
Safe Route to Schools	\$	(22)
Community Development Block Grant	\$	(32,604)
Youth Center Remodel	\$	(31,477)
Sanger Skate Park	\$	(69,607)
PAL Youth Center	\$	(59,400)

The City expects future revenues, assessments, and transfers to cover the above deficits.

CITY OF SANGER
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(11) Commitments and Contingencies

General Liability

There are various claims and legal actions pending against the City for which no provision has been made in the financial statements. In the opinion of the City Attorney and City Management, liabilities arising from these claims and legal actions, if any, will not be material to these financial statements.

Federal Awards and Grants

The City has received federal grants for specific purposes that are subject to review and audit by the federal government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SANGER
SCHEDULE OF FUNDING PROGRESS – CALPERS RISK POOL
FOR CITIES WITH LESS THAN 100 EMPLOYEES
FOR THE YEAR ENDED JUNE 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded (Excess Assets) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
Police Tier 1						
6/30/06	\$ 460,948,462	\$ 534,135,011	\$ 73,186,549	86.3%	\$ 84,179,637	86.9%
6/30/07	\$ 403,484,775	\$ 462,354,459	\$ 58,869,684	87.3%	\$ 72,308,836	81.4%
6/30/08	\$ 438,674,996	\$ 504,295,839	\$ 65,620,843	87.0%	\$ 77,903,428	84.2%
Police Tier 2						
6/30/06	\$ 460,948,462	\$ 534,135,011	\$ 73,186,549	86.3%	\$ 84,179,637	86.9%
6/30/07	\$ 403,484,775	\$ 462,354,459	\$ 58,869,684	87.3%	\$ 72,308,836	81.4%
6/30/08	\$ 438,674,996	\$ 504,295,839	\$ 65,620,843	87.0%	\$ 77,903,428	84.2%
Fire Tier 1						
6/30/06	\$ 460,948,462	\$ 534,135,011	\$ 73,186,549	86.3%	\$ 84,179,637	86.9%
6/30/07	\$ 403,484,775	\$ 462,354,459	\$ 58,869,684	87.3%	\$ 72,308,836	81.4%
6/30/08	\$ 438,674,996	\$ 504,295,839	\$ 65,620,843	87.0%	\$ 77,903,428	84.2%
Fire Tier 2						
6/30/06	\$ 1,252,059,468	\$ 1,473,284,852	\$ 221,225,384	85.0%	\$ 177,088,890	124.9%
6/30/07	\$ 1,422,143,105	\$ 1,648,159,522	\$ 226,016,417	86.3%	\$ 200,537,256	112.7%
6/30/08	\$ 1,517,609,609	\$ 1,755,559,311	\$ 237,949,702	86.5%	\$ 210,590,567	113.0%
Miscellaneous						
6/30/06	\$ 787,758,909	\$ 912,988,585	\$ 125,229,676	86.3%	\$ 200,320,145	62.5%
6/30/07	\$ 1,149,247,298	\$ 1,315,454,361	\$ 166,207,063	87.4%	\$ 289,090,187	57.5%
6/30/08	\$ 1,337,707,835	\$ 1,537,909,933	\$ 200,202,098	87.0%	\$ 333,307,600	60.1%

CITY OF SANGER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 5,099,150	\$ 5,191,150	\$4,825,554	\$ (365,596)
Licenses and permits	106,200	106,200	114,767	8,567
Fines and penalties	104,000	64,000	75,095	11,095
Revenue from use of money and property	5,000	5,000	332	(4,668)
Charges for services	244,850	189,850	223,980	34,130
Intergovernmental revenues	2,771,100	2,636,100	2,597,577	(38,523)
Fees and other revenues	337,000	414,203	414,202	(1)
Total revenues	<u>8,667,300</u>	<u>8,606,503</u>	<u>8,251,507</u>	<u>(354,996)</u>
EXPENDITURES				
Current				
City council	247,034	283,034	271,191	11,843
City Manager	2,028,699	2,035,933	1,772,686	263,247
Community services	516,226	568,333	602,956	(34,623)
Police department	4,405,580	4,442,766	3,955,934	486,832
Development services	357,801	441,769	494,970	(53,201)
Public works	964,720	969,720	944,289	25,431
Non-departmental	880,138	880,138	756,414	123,724
Capital outlay	4,970	49,970	2,037	47,933
Debt service:				
Principal	153,795	153,795	5,000	148,795
Interest	7,430	7,430	17,014	(9,584)
Total expenditures	<u>9,566,393</u>	<u>9,832,889</u>	<u>8,822,491</u>	<u>1,010,398</u>
Excess (deficiency) of revenues over expenditures	<u>(899,093)</u>	<u>(1,226,386)</u>	<u>(570,984)</u>	<u>655,402</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sales of property	500	500	-	(500)
Transfers in	812,400	787,400	845,026	57,626
Total other financing sources and uses	<u>812,900</u>	<u>787,900</u>	<u>845,026</u>	<u>57,126</u>
Net change in fund balances	(86,193)	(438,486)	274,042	712,528
Fund balances - beginning	<u>(907,587)</u>	<u>(907,587)</u>	<u>(907,587)</u>	<u>-</u>
Fund balances - ending	<u>\$ (993,780)</u>	<u>\$ (1,346,073)</u>	<u>\$ (633,545)</u>	<u>\$ 712,528</u>

CITY OF SANGER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
REDEVELOPMENT AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 1,991,000	\$1,991,000	\$1,519,321	\$ (471,679)
Revenue from use of money and property	82,750	82,750	(14,870)	(97,620)
Fees and other revenues	-	-	775,290	775,290
Total revenues	<u>2,073,750</u>	<u>2,073,750</u>	<u>2,279,741</u>	<u>205,991</u>
EXPENDITURES				
Current				
Development services	468,388	468,388	218,894	249,494
Economic development	556,010	556,010	921,220	(365,210)
Debt service:				
Principal	805,000	805,000	380,000	425,000
Interest	177,650	177,650	155,135	22,515
Total expenditures	<u>2,007,048</u>	<u>2,007,048</u>	<u>1,675,249</u>	<u>331,799</u>
Excess (deficiency) of revenues over expenditures	<u>66,702</u>	<u>66,702</u>	<u>604,492</u>	<u>537,790</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	398,200	398,200	282,105	(116,095)
Transfers out	<u>(1,255,585)</u>	<u>(1,255,585)</u>	<u>(282,105)</u>	<u>973,480</u>
Total other financing sources and uses	<u>(857,385)</u>	<u>(857,385)</u>	<u>-</u>	<u>857,385</u>
Net change in fund balances	(790,683)	(790,683)	604,492	1,395,175
Fund balances - beginning	<u>1,215,620</u>	<u>1,215,620</u>	<u>1,215,620</u>	<u>-</u>
Fund balances - ending	<u>\$ 424,937</u>	<u>\$ 424,937</u>	<u>\$ 1,820,112</u>	<u>\$ 1,395,175</u>

CITY OF SANGER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
MEASURE S DISTRICT TAX FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 800,000	\$1,200,000	\$1,416,186	\$ 216,186
Revenue from use of money and property	-	-	7,109	7,109
Total revenues	<u>800,000</u>	<u>1,200,000</u>	<u>1,423,295</u>	<u>223,295</u>
EXPENDITURES				
Current				
Police department	309,666	437,318	400,553	36,765
Fire & emergency services	442,145	312,145	304,960	7,185
Capital outlay	590,000	720,000	170,281	549,719
Total expenditures	<u>1,341,811</u>	<u>1,469,463</u>	<u>875,794</u>	<u>593,669</u>
Excess (deficiency) of revenues over expenditures	<u>(541,811)</u>	<u>(269,463)</u>	<u>547,501</u>	<u>816,964</u>
Net change in fund balances	(541,811)	(269,463)	547,501	816,964
Fund balances - beginning	<u>913,529</u>	<u>913,529</u>	<u>913,529</u>	<u>-</u>
Fund balances - ending	<u>\$ 371,718</u>	<u>\$ 644,066</u>	<u>\$1,461,030</u>	<u>\$ 816,964</u>

CITY OF SANGER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
DEVELOPERS FEES FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 168,430	\$ 319,851	\$ 91,780	\$ (228,071)
Total revenues	<u>168,430</u>	<u>319,851</u>	<u>91,780</u>	<u>(228,071)</u>
EXPENDITURES				
Current				
Capital outlay	-	91,421	91,780	(359)
Total expenditures	<u>-</u>	<u>91,421</u>	<u>91,780</u>	<u>(359)</u>
Excess (deficiency) of revenues over expenditures	<u>168,430</u>	<u>228,430</u>	<u>-</u>	<u>(228,430)</u>
Net change in fund balances	168,430	228,430	-	(228,430)
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ 168,430</u>	<u>\$ 228,430</u>	<u>\$ -</u>	<u>\$ (228,430)</u>

CITY OF SANGER
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010

Budgetary Information

The City uses the following procedures annually to establish the budget data reflected in the budgetary comparison schedules:

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. The City Council reviews the proposed budget at specially scheduled sessions, which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to July 1, the budget is legally adopted through passage of an ordinance. This budget is reported as Original Budget in the budgetary comparison schedules.
4. During the fiscal year, changes to the adopted budget may be authorized, as follows:
 - a. Items requiring City Council action - appropriation of fund balance reserves; transfers of appropriations between funds; appropriation of any non-departmental revenue; new interfund loans or advances; and creation of new capital projects or increases to existing capital projects.
 - b. Items delegated to the City Manager – transfers between departments within funds; appropriation of unbudgeted departmental revenues; and approval of transfers which increase salary and benefit appropriations.
 - c. Items delegated to department heads – allocation of departmental appropriations to line item level.
5. Formal budgetary integration is employed as a management tool for all funds. Annual budgets are legally adopted and amended as required for the general, special revenue and enterprise funds. Project length budgets are adopted for the capital projects funds. All budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP), and budgetary comparisons for the information. A debt service payment schedule for the debt service funds is also approved as part of the budget process.
6. Budget amounts are reflected after all authorized amendments and revisions. This budget is reported as the Final Budget in the budgetary comparison schedules.
7. For each legally adopted operating budget, expenditures may not exceed budgeted appropriations at the activity level. The legal appropriation basis is at the level called “department.” A “department” for legal appropriation purposes may be a single organization, or an entire department having multiple organizations within the same fund, or an entire fund.

OTHER SUPPLEMENTAL INFORMATION

**CITY OF SANGER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENT FUNDS
JUNE 30, 2010**

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Traffic Congestion Relief Fund

This fund accounts for the funds received for the Traffic Congestion Relief Act of 2000 approved by Assembly Bill 2928. The purpose of this fund is to relieve traffic congestion, provide additional funding for street and road deferred maintenance, and provide additional transportation and capacity in high growth areas of the state.

Gas Tax Fund

The funds are used to account for receipts and expenditures of monies apportioned to the City under the Streets and Highways Code Section 2105, 2106, 2107 and 2107.5 of the State of California.

Prop 1B

State Bond Funds used for major street maintenance and improvements.

Landscape & Lighting Fund

Accounts for maintenance expenditures made with assessment money received from district property owners.

Measure C EXT – Pedestrian

These funds are used for pedestrian facilities including sidewalks, paths, walkways, or equivalent facilities. Funding is provided by the countywide 1/2 cent Transportation Sales Tax imposed in Fresno County for twenty years.

Measure C EXT – Bicycle

These funds are used for bicycle facilities including accommodations for bicycle travel either by a shared roadway or by bike lane. Funding is provided by the countywide 1/2 cent Transportation Sales Tax imposed in Fresno County for twenty years.

Measure C EXT – ADA

These funds are used for the American Disability Act compliance for street construction and maintenance including curb cuts and ramps to remove barriers, as well as other special transportation services. Funding is provided by the county wide 1/2 cent Transportation Sales Tax imposed in Fresno County for twenty years.

Measure C EXT - Street

These funds are used for the Street Maintenance for street improvement that address the aging street and road systems. Funding is provided by the county wide 1/2 cent Transportation Sales imposed in Fresno County for twenty years.

Measure C EXT - Flexible

These funds are used for any transportation project they feel is warranted (example: transit, pothole, repair and maintenance of existing alleys). Funding is provided by the county wide 1/2 cent Transportation Sales Tax imposed in Fresno County for twenty years.

**CITY OF SANGER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENT FUNDS
JUNE 30, 2010**

Transportation & Street Maintenance Funds

Accounts for the construction and maintenance of the street network system of the City. Financing is provided by allocations from the County Local Transportation Funds created by the Transportation Development Act.

Measure S – District Sales Tax

A 3/4 cent District Sales Tax imposed in the City to fund Police, Fire, Paramedic, 9-1-1 Emergency, and Gang/Drug Prevention Services.

Traffic Safety Funds

These funds are used to account for vehicle code fines and forfeitures to be used for traffic control devices, maintenance of equipment, supplies for traffic law enforcement, traffic accident prevention and maintenance and improvement or construction of streets.

Local Public Safety Funds

These funds are used to account for the revenues from Proposition 172, a 1993 measure which collects a one-half cent sales tax for local public safety.

Air Quality Projects

This fund is used to account for clean air fees collected by the State and distributed by the California Air Quality Management District for clean air projects

Transportation Equality Act 21

This fund is used to account for improving the safety due to increasing traffic levels. It protects and enhances the community and the natural environment.

CAL Grip Gang Prevention

California Gang Reduction, Intervention and Prevention (GRIP) Program provides State grant funds to cities and community-based organizations for gang prevention, intervention, reentry, education, job training and skills development, family and community services, and suppression activities.

Tire Derived Grant

State Targeted Rubberized Asphalt Concrete Incentive Grant funds the use of rubberized asphalt concrete (RAC) in street repair projects.

Safe Route to School

State funds from the Safe Route to School Program are used to encourage and enable school children including children with disabilities to walk and bicycle safely to school, includes installation of facilities to enhance walking and bicycling to school.

Water Infrastructure State Grant

A State Infrastructure Rehabilitation construction grant to fund the City's water distribution system improvement project. The project's purpose is to reduce and/or eliminate system water losses by replacing and upsizing leaking and failing water lines and gate valves.

Community Development Block Grant

Accounts for expenditures for approved projects that have been funded by Federal Community Development Block Grant Funds received through county funding.

**CITY OF SANGER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENT FUNDS
JUNE 30, 2010**

Area Agency on Ageing

Federal funding for providing outreach and site management services to older Americans in Sanger and Del Rey. Services include meals and information support

Bicycle Lane Striping State Grant

State Bicycle Transportation Account (BTA) grant funding for 5.5 miles of Class II bicycle lanes.

Supplemental Law Enforcement Grant

State Supplemental Law Enforcement Services Fund (SLESF) provides for front line municipal police services including anti-gang and community crime prevention programs.

Community Facilities District

Community Facilities District 2005-1 levies a special tax in the district comprised of developing areas. The tax provides for the financing of additional demands for public safety and park maintenance services as a result of development.

Youth Center Remodel

State Parks and Recreation grant for the purpose of purchasing and rehabilitating a building and installing park improvements.

California Seat Belt Compliance

State Office of Traffic Safety (OTS) California Seat Belt Compliance Campaign program provides funding for a seat belt enforcement campaign.

Bullet Proof Vest Program

Federal Bulletproof Vest Partnership Program provides funding for bulletproof vests for law enforcement officers only.

State Homeland Security

State Homeland Security grant provides the first responders with the tools they need should a WMD incident occur in the Urban Area

LLEBG FY 2003

Federal Office of Justice Programs (OJP) Local Law Enforcement Block Grants (LLEBG) provide funding for projects to reduce crime and improve public safety.

LLEBG FY 2004

Federal Office of Justice Programs (OJP) Local Law Enforcement Block Grants (LLEBG) provide funding for projects to reduce crime and improve public safety.

**CITY OF SANGER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENT FUNDS
JUNE 30, 2010**

Sanger Skate Park

State Parks and Recreation grant to construct a skate park including a small parking lot , walkways, lighting, landscaping and placement of benches and tables.

Sanger Youth Center Grant

State Parks and Recreation grant to renovate the Sanger Pal Youth Center.

DUI Enforcement and Awareness

State Office of Traffic Safety (OTS) grant provides funding for operations that will focus on DUI offenders to reduce deaths and injuries related to alcohol involved crashes.

Vehicle Impound Program

State Office of Traffic Safety (OTS) Vehicle Impound Program grant provides funding for overtime hours and purchase of a radar trailer to reduce traffic collisions involving drivers with suspended or revoked licenses. Operations will include DUI/Driver's license.

Asset Seizure

Funds collected from the County for police expenditures. The source of funds is from anti-drug operations that result in assets being seized.

ARRA Grant

Federal ARRA grant to widen and improve Academy Avenue.

Edward Byrne Program (JAG)

Federal Justice Assistance Recovery Act grant for the purchase of police TAZERs and office equipment.

COPS Hiring Recovery Program

U.S. Department of Justice funding for two full time police officers.

The **Debt Service Funds** are used to account for the accumulation of resources and payment of general obligation bond principal and interest from government resources and special assessment bond principal and interest from special assessment levies with the government is obligated in some manner for the payment.

The Debt Service Funds of the City are listed below:

- 1971 Water Quality Control Bonds
- 1974 Civic Center Bonds
- Improvement District 79-1 Bonds

**CITY OF SANGER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENT FUNDS
JUNE 30, 2010**

Internal Service Funds

Reprographics and Data processing Fund

This fund is used to account for the City's computer information systems which include acquisition, replacement and support services for both hardware and software.

Equipment Maintenance Fund

This fund is used to account for bulk gasoline purchases and consumption by the departments of the City.

Self-Insurance Program Fund

This fund is used to account for the City's self-insured risks for the Workers' Compensation and Liability programs.

**CITY OF SANGER
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENT FUNDS
JUNE 30, 2010**

	Special Revenue	Debt Service	Total Nonmajor
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments			
Unrestricted	\$ 3,694,063	\$ -	\$ 3,694,063
Cash with fiscal agent	-	320,901	320,901
Receivables			
Accounts	1,102,828	-	1,102,828
Intergovernmental	465,098	-	465,098
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 5,261,989</u></u>	<u><u>\$ 320,901</u></u>	<u><u>\$ 5,582,890</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 421,853	\$ -	421,853
Due to other funds	619,130	-	619,130
Unearned revenue	29,012	-	29,012
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,069,995</u>	<u>-</u>	<u>1,069,995</u>
Fund balances:			
Reserved for:			
Debt Service Fund	-	320,901	320,901
Unreserved, reported in:			
Special Revenue Fund	4,191,994	-	4,191,994
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>4,191,994</u>	<u>320,901</u>	<u>4,512,895</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u><u>\$ 5,261,989</u></u>	<u><u>\$ 320,901</u></u>	<u><u>\$ 5,582,890</u></u>

**CITY OF SANGER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL GOVERNMENTAL FUNDS
JUNE 30, 2010**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor</u>
REVENUES			
Taxes	\$ 1,100,604	\$ -	1,100,604
Fines and penalties	3,413	-	3,413
Revenue from use of money and property	20,100	9,135	29,235
Intergovernmental revenues	2,555,309	-	2,555,309
Fees and other revenues	41,082	-	41,082
	<u>3,720,508</u>	<u>9,135</u>	<u>3,729,643</u>
Total revenues			
EXPENDITURES			
Current			
Administrative services	309,500	-	309,500
Police department	64,490	-	64,490
Public works	70,957	-	70,957
Non-departmental	-	131	131
Capital outlay	2,063,588	-	2,063,588
	<u>2,508,535</u>	<u>131</u>	<u>2,508,666</u>
Total expenditures			
Excess of revenues over expenditures	<u>1,211,973</u>	<u>9,004</u>	<u>1,220,977</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(763,482)</u>	<u>(36,544)</u>	<u>(800,026)</u>
Total other financing sources and uses	<u>(763,482)</u>	<u>(36,544)</u>	<u>(800,026)</u>
Net change in fund balances	448,491	(27,540)	420,951
Fund balances - beginning	<u>3,743,503</u>	<u>348,441</u>	<u>4,091,944</u>
Fund balances - ending	<u>\$ 4,191,994</u>	<u>\$ 320,901</u>	<u>4,512,895</u>

**CITY OF SANGER
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010**

	State Gas Tax	Traffic Congestion Relief Fund	Prop 1B Funding
ASSETS			
Cash and investments			
Unrestricted	\$ 260,342	\$ 300,954	\$ 9,313
Restricted	-	-	-
Cash with fiscal agent	-	-	-
Investment with fiscal agent	-	-	-
Receivables			
Accounts	-	64,271	-
Intergovernmental	-	-	-
Total assets	\$ 260,342	\$ 365,225	\$ 9,313
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	-	-	-
Fund balances:			
Unreserved, reported in:			
Special Revenue Fund	260,342	365,225	9,313
Total fund balances	260,342	365,225	9,313
Total liabilities and fund balances	\$ 260,342	\$ 365,225	\$ 9,313

**CITY OF SANGER
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010**

	Landscape & Lighting Funds	Measure C EXT - Pedestrian	Measure C EXT - Bicycle
ASSETS			
Cash and investments			
Unrestricted	\$ 131,172	\$ 72,756	\$ 24,382
Restricted	-	-	-
Cash with fiscal agent	-	-	-
Investment with fiscal agent	-	-	-
Receivables			
Accounts	-	3,270	873
Intergovernmental	-	-	-
Total assets	\$ 131,172	\$ 76,026	\$ 25,255
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 10,405	\$ -	\$ -
Due to other funds	67	-	-
Unearned revenue	-	-	-
Total liabilities	10,472	-	-
Fund balances:			
Unreserved, reported in:			
Special Revenue Fund	120,700	76,026	25,255
Total fund balances	120,700	76,026	25,255
Total liabilities and fund balances	\$ 131,172	\$ 76,026	\$ 25,255

**CITY OF SANGER
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010**

	<u>Measure C EXT - ADA</u>	<u>Measure C EXT - Street</u>	<u>Measure C EXT - Flexible</u>
ASSETS			
Cash and investments			
Unrestricted	\$ 21,387	\$ 643,672	\$ 514,078
Restricted	-	-	-
Cash with fiscal agent	-	-	-
Investment with fiscal agent	-	-	-
Receivables			
Accounts	485	14,843	14,357
Intergovernmental	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 21,872</u>	<u>\$ 658,515</u>	<u>\$ 528,435</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 11,355
Due to other funds	-	-	-
Unearned revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>11,355</u>
Fund balances:			
Unreserved, reported in:			
Special Revenue Fund	<u>21,872</u>	<u>658,515</u>	<u>517,080</u>
Total fund balances	<u>21,872</u>	<u>658,515</u>	<u>517,080</u>
Total liabilities and fund balances	<u>\$ 21,872</u>	<u>\$ 658,515</u>	<u>\$ 528,435</u>

**CITY OF SANGER
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Transportation & Street Maintenance Funds	Traffic Safety Funds	Local Public Safety Funds
ASSETS			
Cash and investments			
Unrestricted	\$ 1,284,849	\$ -	\$ -
Restricted	-	-	-
Cash with fiscal agent	-	-	-
Investment with fiscal agent	-	-	-
Receivables			
Accounts	465,199	-	6,753
Intergovernmental	-	-	-
Total assets	<u>\$ 1,750,048</u>	<u>\$ -</u>	<u>\$ 6,753</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 33,756	\$ -	\$ -
Due to other funds	-	4,112	3,307
Unearned revenue	-	-	-
Total liabilities	<u>33,756</u>	<u>4,112</u>	<u>3,307</u>
Fund balances:			
Unreserved, reported in:	-		
Special Revenue Fund	1,716,292	(4,112)	3,446
Total fund balances	<u>1,716,292</u>	<u>(4,112)</u>	<u>3,446</u>
Total liabilities and fund balances	<u>\$ 1,750,048</u>	<u>\$ -</u>	<u>\$ 6,753</u>

**CITY OF SANGER
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010**

	Air Quality Projects Funds	Transportation Equity Act 21 Fund	CAL Grip Gang Prevention Grants
ASSETS			
Cash and investments			
Unrestricted	\$ 125,937	\$ -	\$ 28,949
Restricted	-	-	-
Cash with fiscal agent	-	-	-
Investment with fiscal agent	-	-	-
Receivables			
Accounts	3,867	-	-
Intergovernmental	-	-	63
Total assets	\$ 129,804	\$ -	\$ 29,012
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 245	\$ -
Due to other funds	-	19,285	-
Unearned revenue	-	-	29,012
Total liabilities	-	19,530	29,012
Fund balances:			
Unreserved, reported in:			
Special Revenue Fund	129,804	(19,530)	-
Total fund balances	129,804	(19,530)	-
Total liabilities and fund balances	\$ 129,804	\$ -	\$ 29,012

**CITY OF SANGER
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Vehicle Impound Program Grant	ARRA Grant	Safe Route to Schools Grant
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments			
Unrestricted	\$ 43,619	\$ -	\$ -
Restricted	-	-	-
Cash with fiscal agent	-	-	-
Investment with fiscal agent	-	-	-
Receivables			
Accounts	-	230,539	-
Intergovernmental	-	-	17,647
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 43,619</u></u>	<u><u>\$ 230,539</u></u>	<u><u>\$ 17,647</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 348,361	\$ -
Due to other funds	-	59,082	17,669
Unearned revenue	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u> </u>	<u> 407,443</u>	<u> 17,669</u>
Fund balances:			
Unreserved, reported in:			
Special Revenue Fund	<u> 43,619</u>	<u> (176,904)</u>	<u> (22)</u>
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u> 43,619</u>	<u> (176,904)</u>	<u> (22)</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u><u>\$ 43,619</u></u>	<u><u>\$ 230,539</u></u>	<u><u>\$ 17,647</u></u>

**CITY OF SANGER
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Water Infrastructure State Grant	Community Development Block Grant	Area Agency on Ageing Grant
ASSETS			
Cash and investments			
Unrestricted	\$ -	\$ -	\$ 13,430
Restricted	-	-	-
Cash with fiscal agent	-	-	-
Investment with fiscal agent	-	-	-
Receivables			
Accounts	-	45,761	(1,143)
Intergovernmental	397,300	-	-
Total assets	\$ 397,300	\$ 45,761	\$ 12,287
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 17,731	\$ -
Due to other funds	525	60,634	-
Unearned revenue	-	-	-
Total liabilities	525	78,365	-
Fund balances:			
Unreserved, reported in:			
Special Revenue Fund	396,775	(32,604)	12,287
Total fund balances	396,775	(32,604)	12,287
Total liabilities and fund balances	\$ 397,300	\$ 45,761	\$ 12,287

**CITY OF SANGER
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010**

	Bicycle Lane Striping State Grant	Supp Law Enforcement Grant	Community Facilities District Grant
ASSETS			
Cash and investments			
Unrestricted	\$ 1,424	\$ 9,375	\$ 117,403
Restricted	-	-	-
Cash with fiscal agent	-	-	-
Investment with fiscal agent	-	-	-
Receivables			
Accounts	-	-	-
Intergovernmental	-	8,956	-
Total assets	\$ 1,424	\$ 18,331	\$ 117,403
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	-	-	-
Fund balances:			
Unreserved, reported in:			
Special Revenue Fund	1,424	18,331	117,403
Total fund balances	1,424	18,331	117,403
Total liabilities and fund balances	\$ 1,424	\$ 18,331	\$ 117,403

**CITY OF SANGER
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Youth Center Remodel Grant	California Seat Belt Compliance Grant	Bullet Proof Vest Program Grant
ASSETS			
Cash and investments			
Unrestricted	\$ -	\$ 57,753	\$ -
Restricted	-	-	-
Cash with fiscal agent	-	-	-
Investment with fiscal agent	-	-	-
Receivables			
Accounts	96,439	-	4,454
Intergovernmental	-	-	-
Total assets	\$ 96,439	\$ 57,753	\$ 4,454
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	127,916	-	3,584
Unearned revenue	-	-	-
Total liabilities	127,916	-	3,584
Fund balances:			
Unreserved, reported in:			
Special Revenue Fund	(31,477)	57,753	870
Total fund balances	(31,477)	57,753	870
Total liabilities and fund balances	\$ 96,439	\$ 57,753	\$ 4,454

**CITY OF SANGER
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010**

	Asset Seizure Grant	LLEBG FY 2003 Grant	LLEBG FY 2004 Grant
ASSETS			
Cash and investments			
Unrestricted	\$ -	\$ -	\$ -
Restricted	-	-	-
Cash with fiscal agent	-	-	-
Investment with fiscal agent	-	-	-
Receivables			
Accounts	-	-	-
Intergovernmental	50	-	-
Total assets	\$ 50	\$ -	\$ -
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	-	-	-
Fund balances:			
Unreserved, reported in:			
Special Revenue Fund	50	-	-
Total fund balances	50	-	-
Total liabilities and fund balances	\$ 50	\$ -	\$ -

**CITY OF SANGER
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	DUI Enforcement and Awareness Grant	Sanger Skate Park Grant	Sanger Youth Center Grant
ASSETS			
Cash and investments			
Unrestricted	\$ 33,105	\$ -	\$ -
Restricted	-	-	-
Cash with fiscal agent	-	-	-
Investment with fiscal agent	-	-	-
Receivables			
Accounts	-	90,000	62,860
Intergovernmental	-	-	-
Total assets	\$ 33,105	\$ 90,000	\$ 62,860
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	159,607	122,260
Unearned revenue	-	-	-
Total liabilities	-	159,607	122,260
Fund balances:			
Unreserved, reported in:			
Special Revenue Fund	33,105	(69,607)	(59,400)
Total fund balances	33,105	(69,607)	(59,400)
Total liabilities and fund balances	\$ 33,105	\$ 90,000	\$ 62,860

**CITY OF SANGER
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010**

	<u>Edward Byrne Program (JAG)</u>	<u>COPS Hiring Recovery Program</u>	<u>Total</u>
ASSETS			
Cash and investments			
Unrestricted	\$ 163	\$ -	\$ 3,694,063
Restricted	-	-	-
Cash with fiscal agent	-	-	-
Investment with fiscal agent	-	-	-
Receivables			
Accounts	-	-	1,102,828
Intergovernmental	-	41,082	465,098
	<u>163</u>	<u>41,082</u>	<u>465,098</u>
Total assets	<u>\$ 163</u>	<u>\$ 41,082</u>	<u>\$ 5,261,989</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 421,853
Due to other funds	-	41,082	619,130
Unearned revenue	-	-	29,012
	<u>-</u>	<u>41,082</u>	<u>29,012</u>
Total liabilities	<u>-</u>	<u>41,082</u>	<u>1,069,995</u>
Fund balances:			
Unreserved, reported in:			
Special Revenue Fund	<u>163</u>	<u>-</u>	<u>4,191,994</u>
Total fund balances	<u>163</u>	<u>-</u>	<u>4,191,994</u>
Total liabilities and fund balances	<u>\$ 163</u>	<u>\$ 41,082</u>	<u>\$ 5,261,989</u>

**CITY OF SANGER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	State Gas Tax	Traffic Congestion Relief Fund	Prop 1B Funding
REVENUES			
Taxes	\$ -	\$ 230,467	\$ -
Fines and penalties	-	-	-
Revenue from use of money and property	1,268	1,015	-
Intergovernmental revenues	368,469	-	-
Fees and other revenues	-	-	-
Total revenues	<u>369,737</u>	<u>231,482</u>	<u>-</u>
EXPENDITURES			
Current			
Administrative services	-	-	-
Police department	-	-	-
Public works	1,520	-	-
Capital outlay	-	16,330	-
Total expenditures	<u>1,520</u>	<u>16,330</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>368,217</u>	<u>215,152</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(385,000)</u>	-	-
Total other financing sources and uses	<u>(385,000)</u>	-	-
Net change in fund balances	(16,783)	215,152	-
Fund balances - beginning	<u>277,125</u>	<u>150,073</u>	<u>9,313</u>
Fund balances - ending	<u>\$ 260,342</u>	<u>\$ 365,225</u>	<u>\$ 9,313</u>

**CITY OF SANGER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Landscape & Lighting Funds	Measure C EXT - Pedestrian	Measure C EXT - Bicycle
REVENUES			
Taxes	\$ 303,488	\$ 37,476	\$ 10,005
Fines and penalties	-	-	-
Revenue from use of money and property	-	380	43
Intergovernmental revenues	-	-	-
Fees and other revenues	-	-	-
Total revenues	<u>303,488</u>	<u>37,856</u>	<u>10,048</u>
EXPENDITURES			
Current			
Administrative services	-	-	-
Police department	-	-	-
Public works	138,898	-	-
Capital outlay	-	-	-
Total expenditures	<u>138,898</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>164,590</u>	<u>37,856</u>	<u>10,048</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(125,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>(125,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	39,590	37,856	10,048
Fund balances - beginning	<u>81,110</u>	<u>38,170</u>	<u>15,207</u>
Fund balances - ending	<u>\$ 120,700</u>	<u>\$ 76,026</u>	<u>\$ 25,255</u>

**CITY OF SANGER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Measure C EXT - ADA	Measure C EXT - Street	Measure C EXT - Flexible
REVENUES			
Taxes	\$ 6,686	\$ 201,673	\$ 194,951
Fines and penalties	-	-	-
Revenue from use of money and property	92	3,485	3,712
Intergovernmental revenues	-	-	-
Fees and other revenues	-	-	-
Total revenues	<u>6,778</u>	<u>205,158</u>	<u>198,663</u>
EXPENDITURES			
Current			
Administrative services	-	-	-
Police department	-	-	-
Public works	-	-	-
Capital outlay	-	-	170,220
Total expenditures	<u>-</u>	<u>-</u>	<u>170,220</u>
Excess (deficiency) of revenues over expenditures	<u>6,778</u>	<u>205,158</u>	<u>28,443</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	6,778	205,158	28,443
Fund balances - beginning	<u>15,094</u>	<u>453,357</u>	<u>488,637</u>
Fund balances - ending	<u>\$ 21,872</u>	<u>\$ 658,515</u>	<u>\$ 517,080</u>

**CITY OF SANGER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Transportation & Street Maintenance Funds	Traffic Safety Funds	Local Public Safety Funds
REVENUES			
Taxes	\$ 10,417	\$ -	\$ 76,318
Fines and penalties	-	3,413	-
Revenue from use of money and property	9,660	-	-
Intergovernmental revenues	443,087	-	-
Fees and other revenues	-	-	-
Total revenues	<u>463,164</u>	<u>3,413</u>	<u>76,318</u>
EXPENDITURES			
Current			
Administrative services	-	-	-
Police department	-	-	-
Public works	-	-	-
Capital outlay	544,874	-	-
Total expenditures	<u>544,874</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(81,710)</u>	<u>3,413</u>	<u>76,318</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(10,000)	(90,000)
Total other financing sources and uses	<u>-</u>	<u>(10,000)</u>	<u>(90,000)</u>
Net change in fund balances	(81,710)	(6,587)	(13,682)
Fund balances - beginning	<u>1,798,002</u>	<u>2,475</u>	<u>17,128</u>
Fund balances - ending	<u><u>\$ 1,716,292</u></u>	<u><u>\$ (4,112)</u></u>	<u><u>\$ 3,446</u></u>

**CITY OF SANGER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Air Quality Projects Funds	Transportation Equity Act 21 Fund	CAL Grip Gang Prevention Grants
REVENUES			
Taxes	\$ 9,660	\$ -	\$ -
Fines and penalties	-	-	-
Revenue from use of money and property	-	-	-
Intergovernmental revenues	-	(24,327)	4,023
Fees and other revenues	-	-	-
Total revenues	<u>9,660</u>	<u>(24,327)</u>	<u>4,023</u>
EXPENDITURES			
Current			
Administrative services	-	-	-
Police department	-	-	4,023
Public works	-	-	-
Capital outlay	-	(4,797)	-
Total expenditures	<u>-</u>	<u>(4,797)</u>	<u>4,023</u>
Excess (deficiency) of revenues over expenditures	<u>9,660</u>	<u>(19,530)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	9,660	(19,530)	-
Fund balances - beginning	<u>120,144</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ 129,804</u>	<u>\$ (19,530)</u>	<u>\$ -</u>

**CITY OF SANGER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Vehicle Impound Program Grant	ARRA Grant	Safe Route to Schools Grant
REVENUES			
Taxes	\$ -	\$ -	\$ -
Fines and penalties	-	-	-
Revenue from use of money and property	-	-	-
Intergovernmental revenues	30,750	230,539	119,176
Fees and other revenues	-	-	-
Total revenues	<u>30,750</u>	<u>230,539</u>	<u>119,176</u>
EXPENDITURES			
Current			
Administrative services	-	-	-
Police department	6,710	-	-
Public works	-	-	-
Capital outlay	<u>27,365</u>	<u>407,443</u>	<u>119,198</u>
Total expenditures	<u>34,075</u>	<u>407,443</u>	<u>119,198</u>
Excess (deficiency) of revenues over expenditures	<u>(3,325)</u>	<u>(176,904)</u>	<u>(22)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(3,325)	(176,904)	(22)
Fund balances - beginning	<u>46,944</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ 43,619</u>	<u>\$ (176,904)</u>	<u>\$ (22)</u>

**CITY OF SANGER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Water Infrastructure State Grant	Community Development Block Grant	Area Agency on Ageing Grant
REVENUES			
Taxes	\$ -	\$ 19,463	\$ -
Fines and penalties	-	-	-
Revenue from use of money and property	-	-	-
Intergovernmental revenues	-	258,940	27,098
Fees and other revenues	-	-	-
Total revenues	<u>-</u>	<u>278,403</u>	<u>27,098</u>
EXPENDITURES			
Current			
Administrative services	-	-	-
Police department	-	-	-
Public works	-	-	-
Capital outlay	-	311,007	-
Total expenditures	<u>-</u>	<u>311,007</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(32,604)</u>	<u>27,098</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	(32,400)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(32,400)</u>
Net change in fund balances	-	(32,604)	(5,302)
Fund balances - beginning	<u>396,775</u>	<u>-</u>	<u>17,589</u>
Fund balances - ending	<u>\$ 396,775</u>	<u>\$ (32,604)</u>	<u>\$ 12,287</u>

CITY OF SANGER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	Bicycle Lane Striping State Grant	Supp Law Enforcement Grant	Community Facilities District Grant
REVENUES			
Taxes	\$ -	\$ -	\$ -
Fines and penalties	-	-	-
Revenue from use of money and property	-	-	-
Intergovernmental revenues	-	100,000	362,733
Fees and other revenues	-	-	-
Total revenues	<u>-</u>	<u>100,000</u>	<u>362,733</u>
EXPENDITURES			
Current			
Administrative services	-	-	309,500
Police department	-	-	-
Public works	-	-	-
Capital outlay	-	26,640	-
Total expenditures	<u>-</u>	<u>26,640</u>	<u>309,500</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>73,360</u>	<u>53,233</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>(80,000)</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>(80,000)</u>	<u>-</u>
Net change in fund balances	-	(6,640)	53,233
Fund balances - beginning	<u>1,424</u>	<u>24,971</u>	<u>64,170</u>
Fund balances - ending	<u>\$ 1,424</u>	<u>\$ 18,331</u>	<u>\$ 117,403</u>

**CITY OF SANGER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Youth Center Remodel Grant	California Seat Belt Compliance Grant	Bullet Proof Vest Program Grant
REVENUES			
Taxes	\$ -	\$ -	\$ -
Fines and penalties	-	-	-
Revenue from use of money and property	-	379	-
Intergovernmental revenues	93,053	-	1,552
Fees and other revenues	-	-	-
Total revenues	93,053	379	1,552
EXPENDITURES			
Current			
Administrative services	-	-	-
Police department	-	-	682
Public works	(23,958)	-	-
Capital outlay	47,203	-	-
Total expenditures	23,245	-	682
Excess (deficiency) of revenues over expenditures	69,808	379	870
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balances	69,808	379	870
Fund balances - beginning	(101,285)	57,374	-
Fund balances - ending	\$ (31,477)	\$ 57,753	\$ 870

**CITY OF SANGER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	Asset Seizure Grant	LLEBG FY 2003 Grant	LLEBG FY 2004 Grant
REVENUES			
Taxes	\$ -	\$ -	\$ -
Fines and penalties	-	-	-
Revenue from use of money and property	-	-	-
Intergovernmental revenues	50	5,132	6,059
Fees and other revenues	-	-	-
Total revenues	<u>50</u>	<u>5,132</u>	<u>6,059</u>
EXPENDITURES			
Current			
Administrative services	-	-	-
Police department	-	-	-
Public works	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>50</u>	<u>5,132</u>	<u>6,059</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	50	5,132	6,059
Fund balances - beginning	<u>-</u>	<u>(5,132)</u>	<u>(6,059)</u>
Fund balances - ending	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF SANGER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	DUI Enforcement and Awareness Grant	Sanger Skate Park Grant	Sanger Youth Center Grant
REVENUES			
Taxes	\$ -	\$ -	\$ -
Fines and penalties	-	-	-
Revenue from use of money and property	-	-	-
Intergovernmental revenues	33,982	229,659	206,274
Fees and other revenues	-	-	-
Total revenues	<u>33,982</u>	<u>229,659</u>	<u>206,274</u>
EXPENDITURES			
Current			
Administrative services	-	-	-
Police department	9,414	-	-
Public works	-	(45,503)	-
Capital outlay	-	359,060	23,743
Total expenditures	<u>9,414</u>	<u>313,557</u>	<u>23,743</u>
Excess (deficiency) of revenues over expenditures	<u>24,568</u>	<u>(83,898)</u>	<u>182,531</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balances	24,568	(83,898)	182,531
Fund balances - beginning	<u>8,537</u>	<u>14,291</u>	<u>(241,931)</u>
Fund balances - ending	<u>\$ 33,105</u>	<u>\$ (69,607)</u>	<u>\$ (59,400)</u>

**CITY OF SANGER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010**

	<u>Edward Byrne Program (JAG)</u>	<u>COPS Hiring Recovery Program</u>	<u>Total Current Year</u>
REVENUES			
Taxes	\$ -	\$ -	\$ 1,100,604
Fines and penalties	-	-	3,413
Revenue from use of money and property	66	-	20,100
Intergovernmental revenues	59,060	-	2,555,309
Fees and other revenues	-	41,082	41,082
Total revenues	<u>59,126</u>	<u>41,082</u>	<u>3,720,508</u>
EXPENDITURES			
Current			
Administrative services	-	-	309,500
Police department	43,661	-	64,490
Public works	-	-	70,957
Capital outlay	<u>15,302</u>	<u>-</u>	<u>2,063,588</u>
Total expenditures	<u>58,963</u>	<u>-</u>	<u>2,508,535</u>
Excess (deficiency) of revenues over expenditures	<u>163</u>	<u>41,082</u>	<u>1,211,973</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>-</u>	<u>(41,082)</u>	<u>(763,482)</u>
Total other financing sources and uses	<u>-</u>	<u>(41,082)</u>	<u>(763,482)</u>
Net change in fund balances	163	-	448,491
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>3,743,503</u>
Fund balances - ending	<u>\$ 163</u>	<u>\$ -</u>	<u>\$ 4,191,994</u>

**CITY OF SANGER
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 JUNE 30, 2010**

	1971 Water Quality Control Bonds	1974 Civic Center Bonds	Improvement District 79-1 Bonds	Total Debt Service Funds
ASSETS				
Cash with fiscal agent	\$ -	\$ -	\$ 320,901	\$ 320,901
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 320,901</u>	<u>\$ 320,901</u>
Fund balances				
Reserved	-	-	320,901	320,901
Total fund balances	-	-	320,901	320,901
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 320,901</u>	<u>\$ 320,901</u>

**CITY OF SANGER
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANES
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2010**

	1971 Water Quality Control Bonds	1974 Civic Center Bonds	Improvement District 79-1 Bonds	Total Current Year
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 9,135	\$ 9,135
Total revenues	<u>-</u>	<u>-</u>	<u>9,135</u>	<u>9,135</u>
EXPENDITURES				
Current				
Non-departmental	-	131	-	131
Total expenditures	<u>-</u>	<u>131</u>	<u>-</u>	<u>131</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(131)</u>	<u>9,135</u>	<u>9,004</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(23,502)	(13,042)	-	(36,544)
Total other financing sources and uses	<u>(23,502)</u>	<u>(13,042)</u>	<u>-</u>	<u>(36,544)</u>
Net change in fund balances	(23,502)	(13,173)	9,135	(27,540)
Fund balances - beginning	<u>23,502</u>	<u>13,173</u>	<u>311,766</u>	<u>348,441</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 320,901</u>	<u>320,901</u>

**CITY OF SANGER
COMBINING BALANCE SHEET
NONMAJOR INTERNAL SERVICE FUNDS
JUNE 30, 2010**

	Reprographics and Data Processing	Equipment Maintenance	Self Insurance Program	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 269,117	\$ -	\$ 205,135	\$ 474,252
Receivables (net of allowances)	-	1,541	2,432	3,973
Accounts	-	1,541	2,432	3,973
Inventory	-	13,744	-	13,744
Prepaid items	-	-	163,677	163,677
Total current assets	<u>269,117</u>	<u>15,285</u>	<u>371,244</u>	<u>655,646</u>
Capital assets:				
General property and equipment	483,095	-	-	483,095
Less accumulated depreciation	<u>(469,009)</u>	<u>-</u>	<u>-</u>	<u>(469,009)</u>
Total capital assets (net of accumulated depreciation)	<u>14,086</u>	<u>-</u>	<u>-</u>	<u>14,086</u>
Total noncurrent assets	<u>14,086</u>	<u>-</u>	<u>-</u>	<u>14,086</u>
Total assets	<u>283,203</u>	<u>15,285</u>	<u>371,244</u>	<u>669,732</u>
LIABILITIES				
Current liabilities:				
Accounts payable	14,146	17,573	(28,374)	3,345
Deposits	-	-	8,114	8,114
Total current liabilities	<u>14,146</u>	<u>17,573</u>	<u>(20,260)</u>	<u>11,459</u>
Non-current liabilities:				
Due in more than one year	-	-	193,809	193,809
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>193,809</u>	<u>193,809</u>
Total liabilities	<u>14,146</u>	<u>17,573</u>	<u>173,549</u>	<u>205,268</u>
NET ASSETS				
Invested in capital assets, net of related debt	14,086	-	(193,809)	(179,723)
Unrestricted	<u>254,971</u>	<u>(2,288)</u>	<u>391,504</u>	<u>644,187</u>
Total net assets	<u>\$ 269,057</u>	<u>\$ (2,288)</u>	<u>\$ 197,695</u>	<u>\$ 464,464</u>

CITY OF SANGER
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANES
NONMAJOR INTERNAL SERVICE FUNDS
JUNE 30, 2010

	Reprographics and Data Processing	Equipment Maintenance	Self Insurance Program	Total
Operating revenues:				
Charges for service	\$ 1,167,346	\$ 251,444	\$ 2,036,983	\$ 3,455,773
Total operating revenues	<u>1,167,346</u>	<u>251,444</u>	<u>2,036,983</u>	<u>3,455,773</u>
Operating Expenses:				
Salaries and benefits	702,426	-	-	702,426
Supplies and services	348,498	247,979	2,206,473	2,802,950
Depreciation expense	7,683	-	-	7,683
General and administrative expense	9,317	-	-	9,317
Total operating expenses	<u>1,067,924</u>	<u>247,979</u>	<u>2,206,473</u>	<u>3,522,376</u>
Operating income (loss)	<u>99,422</u>	<u>3,465</u>	<u>(169,490)</u>	<u>(66,603)</u>
Nonoperating revenues (expenses):				
Intergovernmental	-	-	(20,000)	(20,000)
Total nonoperating revenue (expenses)	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
Change in net assets	99,422	3,465	(189,490)	(86,603)
Total net assets, beginning	<u>169,635</u>	<u>(5,753)</u>	<u>387,185</u>	<u>551,067</u>
Total net assets, ending	<u>\$ 269,057</u>	<u>\$ (2,288)</u>	<u>\$ 197,695</u>	<u>\$ 464,464</u>

**CITY OF SANGER
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
JUNE 30, 2010**

	Cash Deposit Trust	Special Police	Payroll Services	Community Facilities District 1 Bonds	Total Trust and Agency Funds
ASSETS					
Cash and short-term investments	\$ 966,843	\$ 10,533	\$ 322,779	\$ 248,637	\$ 1,548,792
Cash with fiscal agent	-	-	-	111,251	111,251
Receivables (net allowances)	108,420	-	-	-	108,420
	<u>1,075,263</u>	<u>10,533</u>	<u>322,779</u>	<u>359,888</u>	<u>1,768,463</u>
Total assets	<u>\$ 1,075,263</u>	<u>\$ 10,533</u>	<u>\$ 322,779</u>	<u>\$ 359,888</u>	<u>\$ 1,768,463</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 611	\$ -	\$ -	\$ -	\$ 611
Accrued Wages	-	-	321,100	-	321,100
Deposits	1,067,152	-	1,679	-	1,068,831
Deferred revenue	7,500	-	-	-	7,500
Due to bond holders	-	10,533	-	359,888	370,421
	<u>1,075,263</u>	<u>10,533</u>	<u>322,779</u>	<u>359,888</u>	<u>1,768,463</u>
Total liabilities	<u>\$ 1,075,263</u>	<u>\$ 10,533</u>	<u>\$ 322,779</u>	<u>\$ 359,888</u>	<u>\$ 1,768,463</u>