

# **CITY OF FILLMORE**

## **FINANCIAL STATEMENTS**

**JUNE 30, 2011**



ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

**CITY OF FILLMORE, CALIFORNIA**  
**FINANCIAL STATEMENTS**  
**Fiscal year ended June 30, 2011**

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**INDEPENDENT AUDITOR'S REPORT**

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 Fillmore, California (City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fillmore, California, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in the notes to the basic financial statements, as of December 29, 2011, all redevelopment agencies within the State of California (the Fillmore Redevelopment Agency is a material component in the City's financial statements) will be eliminated effective February 1 2012, as a result of certain legislative actions enacted by the California State Legislature.

During the year under audit, the City adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2011 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements and schedules, combining sewer fund statements, and budgetary comparison schedules listed as other supplementary information in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining nonmajor fund financial statements and schedules, combining sewer fund statements, and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

*Rogers Anderson Maloney & Scott, LLP*

January 17, 2012

**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2011**  
**(Unaudited)**

This management's discussion and analysis provides an overview of financial activities of the City of Fillmore (City) for the fiscal year ended June 30, 2011. Please read this discussion and analysis in conjunction with the basic financial statements and the accompanying notes to the basic financial statements.

The financial statements presented herein include all financial activities of the City and its component units in accordance with Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" (GASB 34).

The Government-Wide Financial Statements present the financial position of the City using the economic resources measurement focus and the accrual basis of accounting. These statements present governmental activities and business-type activities separately. Also, these statements include all assets of the City, as well as all liabilities, including long-term debt. Additionally, in accordance with GASB 34, certain eliminations have been made related to inter-fund activity, payables, and receivables.

The Fund Financial Statements include governmental, proprietary, and fiduciary funds. The governmental funds are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary funds are prepared using the economic resources measurement focus and the modified accrual basis of accounting. The fiduciary funds consist of agency funds, which only report a balance sheet and do not have a measurement focus. A reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach under GASB 34.

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend (effective July 1, 2011) nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. The California Redevelopment Association, in conjunction with the League of California Cities, filed suit contending the bills were unconstitutional. On December 29, 2011, the Supreme Court upheld AB X1 26 to abolish redevelopment agencies and ABX1 27 to be unconstitutional. With this determination, effective February 1, 2012, all redevelopment agencies within the state will be eliminated.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X 1 26. The City of Fillmore will assume the position of Successor Agency for the Redevelopment Agency as of February 1, 2012. The City has also elected to assume control of the Low/Mod housing functions of the former redevelopment agency. An oversight board will be appointed to oversee the expeditious wind down of the affairs of the former redevelopment agency by the Successor Agency. The financial ramifications of this change are not known at this time.

**REPORTING THE CITY AS A WHOLE**

*The Statement of Net Assets and the Statement of Activities*

The Statement of Net Assets and the Statement of Activities report information about the City as a whole and its activities. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector entities. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses recorded when incurred.

These statements report the City's net assets and changes in them. Net assets are the differences between assets and liabilities, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and economic trends, such as expansion and development, as well as economic strength or weakness.

In the Statement of Net Assets and the Statement of Activities, the City's activities are categorized as follows:

#### *Governmental Activities*

Most of the City's basic services are reported in this category including the general government activities, such as Administrative Services, Fire Services, Police Services, Public Works, Development Services, Parks and Community Services, and General Services. Property and sales taxes, user fees, investment income, franchise fees, and other revenues finance these activities.

#### *Business-Type Activities*

The City charges a fee to customers to pay for the cost of certain services provided. The City's water system, wastewater system, and solid waste services (sewer and disposal), and the City of Fillmore's Town Theatre are reported in this category.

#### *Fund Financial Statements*

The Fund Financial Statements provide detailed information about the City's major funds - not the City as a whole. Some funds are required to be established by State law, grantors or by bond covenants. However, the City establishes other funds to help control and manage money for a particular purpose or to show that the City is meeting legal responsibilities for using certain taxes, grants, and other funds.

#### *Governmental Funds*

Most of the City's basic services are reported in governmental funds. These funds focus on reporting the flow of money into and out of those funds and the balances left at fiscal year-end that are available for spending. These funds are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means that it is collectible within the current period or soon enough thereafter to be used. The governmental fund financial statements provide a detailed short-term view of the City's general government operations and the basic services provided. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between the Governmental Fund Financial Statements and the Government-Wide Financial Statements are explained in a reconciliation following the Government-Wide Financial Statements.

#### *Proprietary Funds*

When the City charges customers for services - whether to outside customers or to programs of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way in that all activities are reported in the Statement of Net assets and the Statement of Revenues, Expenses, and Changes in Fund Net Assets. The City's enterprise funds are the same as the business-type activities reported in the Government-Wide Financial Statements, but provide more detail and additional information, such as cash flows for each enterprise fund.

### *Fiduciary Funds*

The City is the trustee, or fiduciary, for certain funds established to account for assets held by the City in a trustee capacity, or as an agent for individuals, private organizations, and other governmental units. The City's fiduciary activities are reported separately in the Statement of Fiduciary Net Assets. These activities are excluded from the City's Government-Wide Financial Statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their specified purposes.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The government-wide financial statements provide long-term and short-term information about the City of Fillmore's overall financial condition. This analysis addresses the financial statements of the City as a whole.

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

### *Governmental Activities*

The following schedule summarizes the financial position of the city's governmental activities as of June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Assets:		
Current assets	\$ 20,520,569	\$ 27,723,636
Deferred charges, net	4,080,179	4,343,571
Restricted assets:		
Cash and investments with fiscal agents	3,995,797	3,995,831
Internal balances	388,339	65,011,391
Capital assets not being depreciated	20,685,070	22,268,991
Capital assets being depreciated, net	<u>28,102,450</u>	<u>26,237,972</u>
Total assets	<u>77,772,404</u>	<u>149,581,392</u>
Liabilities:		
Current liabilities	\$ 5,273,074	\$ 7,335,620
Noncurrent liabilities:		
Due within one year	1,290,310	1,868,168
Due in more than one year	<u>50,052,959</u>	<u>114,814,058</u>
Total liabilities	<u>56,616,343</u>	<u>124,017,846</u>
Net assets:		
Invested in capital assets, net of related debt	(1,781,392)	1,385,754
Restricted	17,739,985	20,526,872
Unrestricted	<u>5,197,468</u>	<u>3,650,920</u>
Total net assets	<u>\$ 21,156,061</u>	<u>\$ 25,563,546</u>

At the end of fiscal year 2011, the current assets are 26.38% of the total assets with the remaining 73.62% representing capital assets not being depreciated and capital assets, net of accumulated depreciation, internal balances, restricted assets and deferred charges. The current liabilities are approximately 9.31% of the total liabilities. The current ratio for governmental activities at the end of the year is 3.89, which is a slight increase from last year. Of the total net assets, 75.42% was restricted and the remaining 24.58% represented unrestricted assets, which are available for future operations.

The cost of all governmental activities during fiscal year 2011 was \$17,284,059. The amount that the City's taxpayers ultimately financed, however, was \$9,583,162. Some of the cost of governmental activities was paid by those who directly benefited from the programs (\$1,433,030) or by other government agencies and organizations that subsidized certain programs with grants and contributions (\$1,444,383).

Overall, the City generated program revenues from governmental activities amounting to \$2,877,413. The remaining cost of governmental activities of \$14,406,646 was paid by the City's sources of general revenue (taxes and other general revenues).

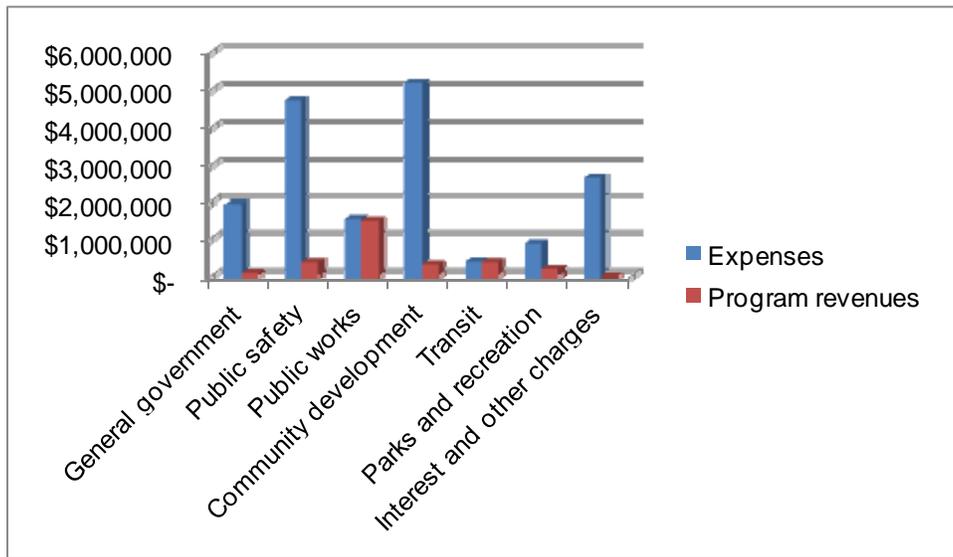
The City's governmental activities include General Government, Public Safety (Police and Fire services), Public Works, Community Development, Transit, Parks and Recreation, and Interest on Long-term Debt.

The following table represents the changes in net assets for governmental activities for the fiscal years ended June 30, 2011 and 2010:

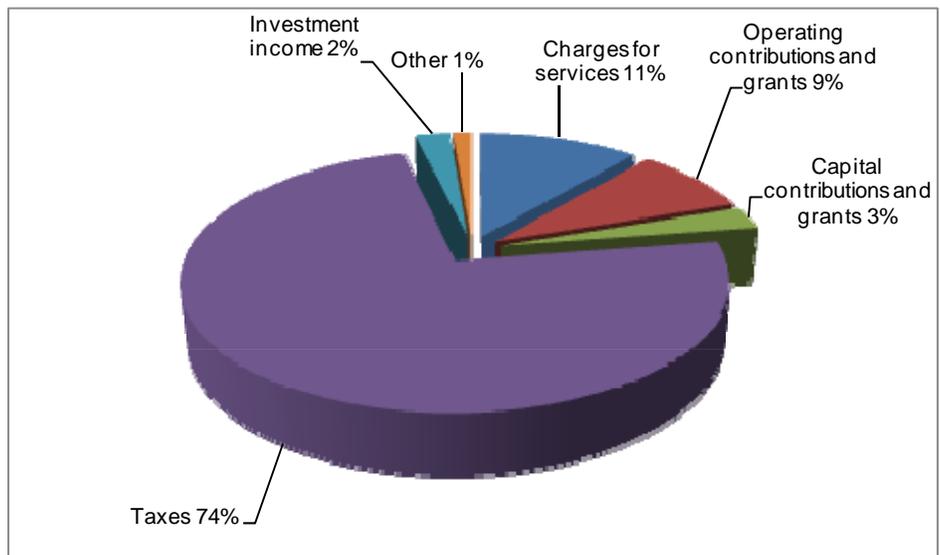
	<u>2011</u>	<u>2010</u>
General revenues:		
Taxes	\$ 9,420,301	\$ 7,743,024
Investment income	313,129	941,157
Other	162,862	126,272
Program revenues:		
Charges for services	1,440,558	1,377,901
Operating contributions and grants	1,086,782	940,749
Capital contributions and grants	<u>357,601</u>	<u>1,299,582</u>
Total revenues	<u>12,781,233</u>	<u>12,428,685</u>
Expenses:		
General government	1,948,173	2,156,722
Public safety	4,702,271	4,386,275
Public works	1,540,884	1,501,747
Community development	5,187,369	5,843,128
Transit	404,103	436,642
Parks and recreation	856,554	812,009
Interest and other charges	<u>2,641,930</u>	<u>3,429,352</u>
Total expenses	<u>17,281,284</u>	<u>18,565,875</u>
Decrease in net assets before transfers	(4,500,051)	(6,137,190)
Transfers in (out)	<u>447,363</u>	<u>927,710</u>
Change in net assets	(4,052,688)	(5,209,480)
Net assets, beginning of year, restated	<u>25,208,749</u>	<u>30,773,026</u>
Net assets, end of year	<u><u>\$ 21,156,061</u></u>	<u><u>\$ 25,563,546</u></u>

*Governmental Activities*

Governmental activities expenses and programs revenues for the year ended June 30, 2011:



Governmental activities revenues by source for the year ended June 30, 2011:



*Business Type Activities*

The following schedule summarizes the financial position of the City's business-type activities at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Assets:		
Current assets	\$ 6,727,796	\$ 13,857,402
Deferred charges, net	1,807,430	1,382,175
Restricted assets:		
Cash and investments with fiscal agents	4,086,616	3,995,831
Internal balances	(388,339)	(65,011,391)
Capital assets not being depreciated	3,362,010	68,301,161
Capital assets being depreciated, net	<u>76,143,235</u>	<u>11,008,966</u>
Total assets	<u>91,738,748</u>	<u>33,534,144</u>
Liabilities:		
Current liabilities	\$ 1,205,339	\$ 6,593,596
Noncurrent liabilities:		
Due within one year	946,557	77,159
Due in more than one year	<u>65,364,969</u>	<u>2,005,353</u>
Total liabilities	<u>67,516,865</u>	<u>8,676,108</u>
Net assets:		
Invested in capital assets, net of related debt	17,658,029	19,994,371
Restricted	1,071,180	2,176,370
Unrestricted	<u>5,492,674</u>	<u>2,687,295</u>
Total net assets	<u>\$ 24,221,883</u>	<u>\$ 24,858,036</u>

The business-type activities of the City showed a current ratio at June 30, 2011 of 5.58, which is a slight increase from last year. Net assets for business-type activities totaled \$24,221,883. Of the total net assets, \$17,658,029 was invested in capital assets, \$1,071,180 was restricted for debt service, and \$5,492,674 was unrestricted.

Total expenses for business-type activities for the fiscal year ended June 30, 2011 were \$8,500,704. Program revenues are primarily comprised of charges for services in the amount of \$8,110,962. Transfers to governmental activities amounted to \$447,363.

The City's business-type activities include: water, sewer, and the Towne Theatre.

The following table presents the changes in net assets for the business-type activities for the fiscal years ended June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
General revenues:		
Investment income	\$ 200,995	\$ 1,308,395
Program revenues:		
Charges for services	<u>8,110,962</u>	<u>7,181,835</u>
Total revenues	<u>8,311,957</u>	<u>8,490,230</u>
Expenses:		
Sewer	6,176,386	4,750,960
Water	2,256,831	2,474,741
Theatre	<u>67,530</u>	<u>89,560</u>
Total expenses	<u>8,500,747</u>	<u>7,315,261</u>
Increase (decrease) in net assets before transfers	(188,790)	1,174,969
Transfers out	<u>(447,363)</u>	<u>(927,710)</u>
Change in net assets	(636,153)	247,259
Net assets, beginning of year	<u>24,858,036</u>	<u>24,610,777</u>
Net assets, end of year	<u>\$ 24,221,883</u>	<u>\$ 24,858,036</u>

### **FINANCIAL ANALYSIS OF CITY'S MAJOR FUNDS**

#### *General Fund*

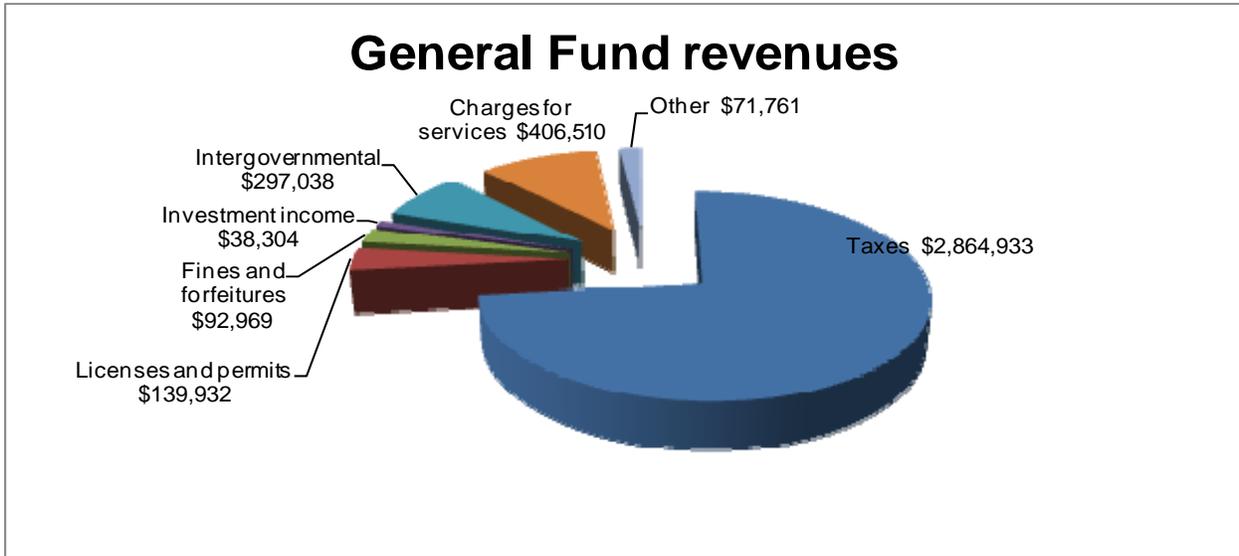
The General Fund accounts for all financial resources traditionally associated with government activities that are not required legally to be accounted for in another fund.

The General Fund ended the fiscal year with a fund balance of \$1,996,081, which is a decrease of \$1,158,231 as compared to the prior fiscal year. This decrease is primarily due to a significant increase in public safety expenditures.

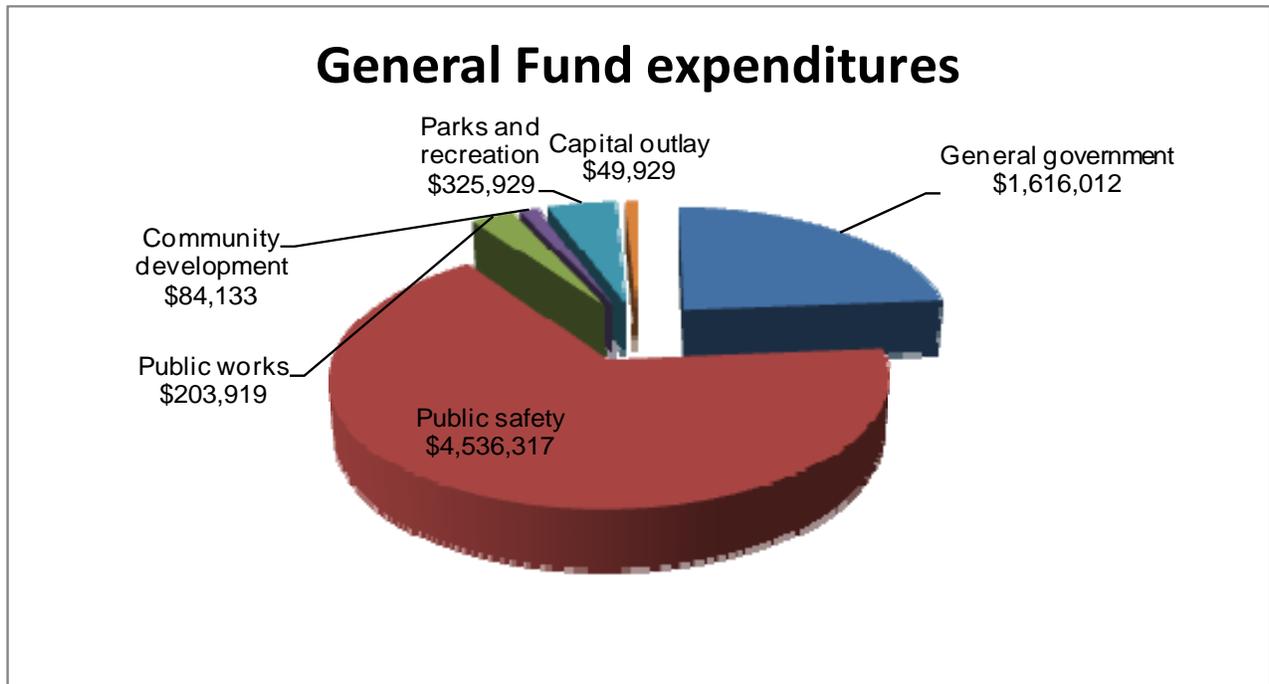
General Fund revenues for the fiscal year ended June 30, 2011, were \$3,911,447, not including \$1,833,734 of transfers in.

General Fund expenditures were \$6,816,239 for the fiscal year ended June 30, 2011, not including \$87,173 of transfers out.

General fund revenues for the year ended June 30, 2011:



General fund expenditures for the year ended June 30, 2011:



## Other Major Funds

### Redevelopment Agency Debt Service Fund:

Tax increment revenue totaled \$6,349,467 for the fiscal year ended June 30, 2011, an increase of 3.07% over the prior year. These revenues were used to fund pass through payments to other local agencies, pay principal and interest on long-term debt, and fund various capital projects of the City's Redevelopment Agency.

### Redevelopment Agency Special Revenue Fund

This fund is also known as the "Low to Moderate Income Housing Set-Aside Fund" (LMISA) and accounts for the receipt and use of 20% of gross tax increment revenues that statute restricts for housing-related use in blighted areas. During the fiscal year, revenues were derived from the tax increment and interest/equity share earned on the 1st Time Homebuyer program loan repayment. Expenditures were primarily used for first time homebuyer loans; payment to the State for SERAF and to pay for administrative costs.

### Redevelopment Agency Capital Projects Fund:

This fund is used to account for all other revenues and expenditures of the Redevelopment Agency not otherwise restricted. A variety of capital projects were included in this fund's expenditures of \$650,052 this year.

### Enterprise Funds:

The three major enterprise funds for the City of Fillmore are Water, Sewer, and Town Theatre. The enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, wherein the cost of goods and services to the general public are financed or recovered primarily through user charges.

## CAPITAL ASSETS

The City's investment in capital assets for its governmental and business type activities as of June 30, 2011, amounts to \$128,292,765 (net of accumulated depreciation). Of that, \$48,787,520 is in governmental activities and \$79,505,245 is business-type capital assets. The large increase in the governmental activities is due to various infrastructure projects. The large increase in the business-type activities is due to a large sewer project. The City's capital assets include land, land improvements, buildings, improvements other than buildings, machinery and equipment, and construction in progress.

## DEBT ADMINISTRATION

The City uses a variety of tax increment, revenue, and lease indebtedness to finance various capital acquisitions. At June 30, 2011, the City's long-term debt outstanding was \$117,654,795. Of this total, \$51,343,269 was in governmental activities and \$66,311,526 was in business-type activities.

The following table provides a breakdown of the City's outstanding indebtedness as of June 30, 2011 and 2010:

	Governmental activities		Business-typeactivities		Totals	
	2011	2010	2011	2010	2011	2010
Revenue bonds	\$ 11,415,000	\$ 69,235,000	\$ 56,900,000	\$ -	\$ 68,315,000	\$ 69,235,000
Capital leases	422,871	544,491	-	-	422,871	544,491
State water loan payable	356,041	445,289	18,752	-	374,793	445,289
Notes/bond and loans	38,375,000	38,730,000	7,380,000	23,449	45,755,000	38,753,449
Certificates of participation	-	7,200,000	-	-	-	7,200,000
OPEB Obligation	545,943	340,233	-	-	545,943	340,233
Compensated absences	228,414	187,213	97,661	105,664	326,075	292,877
Premium on debt	-	-	1,915,113	1,953,399	1,915,113	1,953,399
<b>Total debt</b>	<b>\$ 51,343,269</b>	<b>\$ 116,682,226</b>	<b>\$ 66,311,526</b>	<b>\$ 2,082,512</b>	<b>\$ 117,654,795</b>	<b>\$ 118,764,738</b>

The tax allocation bonds are paid from the receipt of incremental property taxes levied within the City's redevelopment areas. These redevelopment project areas currently are accounted for by the Fillmore Redevelopment Agency.

Revenue bonds include issues used to finance projects for streets and roads, the new Public Works/Fire Station, sewer and treatment plant expansion, and new park development. Debt service on these issues is paid from the revenues of the appropriate funds.

The General fund pays for only a portion of the Capital lease payable to fund the City's newest fire engine. The remainder is paid from a variety of other funding sources including property tax increment collections, property owner special taxes, water utility rates, and property tax increments. None of the debt which is paid by the General Fund is supported by external sources specifically intended to support the retirement of the debt.

The State of California mandates a limit on general obligation debt of 15 percent of true cash value of all taxable property within the City boundaries.

## ***BUDGETING***

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison statements are required for the General Fund and all major special revenue funds and may be found immediately following the Government-wide financial statements in this Financial Section. These statements compare the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures for each fund, prepared on a budgetary basis. Budgets are prepared on the modified accrual basis of accounting consistent with GAAP, except that encumbrances are included in budgeted expenditures.

Appropriations lapse at year-end. The City Council generally reauthorizes appropriations for continuing projects and activities. The City Council has the legal authority to amend the budget of any fund at any time during the fiscal year. The budgetary legal level of control (the level on which expenditures may not legally exceed appropriations) is generally at the fund level. For budgeting purposes, the General Fund, Water Fund and Sewer Fund are composed of several departments while all other budgeted funds (special revenue funds included) are considered a single department. Budgeted expenditures may be reallocated within a division and between divisions within a department without City Council approval.

### *General Fund Budgetary Highlights*

The General Fund actual expenditures were lower than final budget appropriations, excluding transfers out, by \$301,051, while the actual revenues were lower than final budget estimated revenues, excluding transfers in, by \$163,597.

The General Fund budget to actual statements can be found later in the Financial Section of this report.

This management's discussion and analysis is designed to provide the City's residents, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about this document, separate reports of the City's component units, or wish any additional financial information, contact the Finance Director at 250 Central Avenue, Fillmore, California 93015 or by telephone at (805) 524-3701.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**CITY OF FILLMORE**  
**Statement of Net Assets**  
**June 30, 2011**

	Governmental activities	Business-type activities	Total
<b>Assets</b>			
Cash and investments	\$ 12,047,376	\$ 5,069,119	\$ 17,116,495
Cash and investments with fiscal agent	3,995,797	4,086,616	8,082,413
Receivables, net:			
Intergovernmental	642,282	-	642,282
Accounts	334,713	1,654,522	1,989,235
Interest	10,382	4,155	14,537
Notes and loans	7,078,218	-	7,078,218
Prepaid items	291,878	-	291,878
Land held for resale	115,720	-	115,720
Internal balances	388,339	(388,339)	-
Deferred charges, net of amortization	4,080,179	1,807,430	5,887,609
Capital assets not being depreciated	20,685,070	3,362,010	24,047,080
Capital assets, net of accumulated depreciation	28,102,450	76,143,235	104,245,685
<b>Total assets</b>	<b>77,772,404</b>	<b>91,738,748</b>	<b>169,511,152</b>
<b>Liabilities</b>			
Accounts payable	2,497,602	496,199	2,993,801
Accrued interest payable	412,037	526,097	938,134
Unearned revenue	2,289,757	-	2,289,757
Deposits payable	73,678	183,043	256,721
Noncurrent liabilities			
Due within one year	1,290,310	946,557	2,236,867
Due in more than one year	50,052,959	65,364,969	115,417,928
<b>Total liabilities</b>	<b>56,616,343</b>	<b>67,516,865</b>	<b>124,133,208</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	(1,781,392)	17,658,029	15,876,637
Restricted for:			
Housing	2,524,842	-	2,524,842
Community development	7,167,819	-	7,167,819
Debt service	6,035,137	1,071,180	7,106,317
Capital projects	1,846,264	-	1,846,264
Other purposes	165,923	-	165,923
Unrestricted	5,197,468	5,492,674	10,690,142
<b>Total net assets</b>	<b>\$ 21,156,061</b>	<b>\$ 24,221,883</b>	<b>\$ 45,377,944</b>

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

**CITY OF FILLMORE**  
**Statement of Activities**  
**For the fiscal year ended June 30, 2011**

<b>Functions/programs</b>	Expenses	Program revenues		
		Charges for services	Operating contributions and grants	Capital contributions and grants
<b>Governmental activities:</b>				
General government	\$ 1,948,173	\$ 83,212	\$ 2,343	\$ -
Public safety	4,702,271	144,862	242,614	-
Public works	1,540,884	686,331	451,539	357,601
Community development	5,187,369	326,628	-	-
Transit	404,103	-	389,286	-
Parks and recreation	856,554	199,525	1,000	-
Interest and other charges	2,641,930	-	-	-
Total governmental activities	<u>17,281,284</u>	<u>1,440,558</u>	<u>1,086,782</u>	<u>357,601</u>
<b>Business-type activities:</b>				
Sewer	6,176,386	5,485,334	-	-
Water	2,256,831	2,590,036	-	-
Town Theater	67,530	35,592	-	-
Total business-type activities	<u>8,500,747</u>	<u>8,110,962</u>	<u>-</u>	<u>-</u>
Total government	<u>\$ 25,782,031</u>	<u>\$ 9,551,520</u>	<u>\$ 1,086,782</u>	<u>\$ 357,601</u>

General revenues:

Taxes:  
Property taxes  
Property taxes in lieu of VLF  
Sales taxes  
Transient occupancy tax  
Franchise taxes  
Business licenses  
Other taxes  
Motor vehicle in lieu  
Other  
Investment income  
Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning of year, as restated

Net assets, end of year

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

Net (expense) revenue and changes in net assets

<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
\$ (1,862,618)	\$ -	\$ (1,862,618)
(4,314,795)	-	(4,314,795)
(45,413)	-	(45,413)
(4,860,741)	-	(4,860,741)
(14,817)	-	(14,817)
(656,029)	-	(656,029)
<u>(2,641,930)</u>	<u>-</u>	<u>(2,641,930)</u>
<u>(14,396,343)</u>	<u>-</u>	<u>(14,396,343)</u>
-	(691,052)	(691,052)
-	333,205	333,205
<u>-</u>	<u>(31,938)</u>	<u>(31,938)</u>
<u>-</u>	<u>(389,785)</u>	<u>(389,785)</u>
<u>(14,396,343)</u>	<u>(389,785)</u>	<u>(14,786,128)</u>
6,776,187	-	6,776,187
1,173,819	-	1,173,819
796,685	-	796,685
75,554	-	75,554
323,354	-	323,354
90,978	-	90,978
102,292	-	102,292
81,432	-	81,432
162,862	-	162,862
313,129	200,995	514,124
<u>447,363</u>	<u>(447,363)</u>	<u>-</u>
<u>10,343,655</u>	<u>(246,368)</u>	<u>10,097,287</u>
(4,052,688)	(636,153)	(4,688,841)
<u>25,208,749</u>	<u>24,858,036</u>	<u>50,066,785</u>
<u>\$ 21,156,061</u>	<u>\$ 24,221,883</u>	<u>\$ 45,377,944</u>

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## **FUND FINANCIAL STATEMENTS**

**CITY OF FILLMORE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	<u>Debt Service Fund</u>	
	General	Redevelopment Agency
<b>Assets</b>		
Cash and investments	\$ 3,411,386	\$ 1,723,141
Cash and investments with fiscal agent	-	3,995,797
Receivables:		
Intergovernmental	490,248	10,664
Accounts	196,377	-
Interest	3,178	2,751
Notes and loans	-	-
Due from other funds	717,395	2,078,234
Land held for resale	-	-
Prepaid items	285,703	-
	<u>\$ 5,104,287</u>	<u>\$ 7,810,587</u>
<b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 421,761	\$ 1,363,413
Accrued liabilities	493,846	-
Due to other funds	-	-
Deferred revenue	2,168,146	-
Deposits payable	24,453	-
	<u>3,108,206</u>	<u>1,363,413</u>
<b>Fund balances (deficit):</b>		
Nonspendable:		
Prepaid items	285,703	-
Restricted for:		
Low and moderate income housing	-	-
Debt service	-	6,447,174
Community development	-	-
Public works	-	-
Parks and recreation	-	-
Assigned	1,377,645	-
Unassigned	332,733	-
	<u>1,996,081</u>	<u>6,447,174</u>
Total fund balances (deficit)	<u>1,996,081</u>	<u>6,447,174</u>
Total liabilities and fund balances	<u>\$ 5,104,287</u>	<u>\$ 7,810,587</u>

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

Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Redevelopment Agency	Redevelopment Agency		
\$ 2,439,354	\$ 536	\$ 4,472,959	\$ 12,047,376
-	-	-	3,995,797
1,838	-	139,532	642,282
-	17,827	120,509	334,713
2,098	327	2,028	10,382
1,517,023	5,561,195	-	7,078,218
-	-	87,299	2,882,928
115,720	-	-	115,720
-	6,175	-	291,878
<u>\$ 4,076,033</u>	<u>\$ 5,586,060</u>	<u>\$ 4,822,327</u>	<u>\$ 27,399,294</u>
\$ 27,563	\$ 2,560	\$ 144,468	\$ 1,959,765
6,605	16,276	21,110	537,837
-	1,328,234	1,166,355	2,494,589
1,517,023	5,582,409	84,509	9,352,087
-	-	49,225	73,678
<u>1,551,191</u>	<u>6,929,479</u>	<u>1,465,667</u>	<u>14,417,956</u>
-	6,175	-	291,878
2,524,842	-	-	2,524,842
-	-	-	6,447,174
-	-	105,489	105,489
-	-	2,111,682	2,111,682
-	-	155,103	155,103
-	-	2,020,636	3,398,281
-	(1,349,594)	(1,036,250)	(2,053,111)
<u>2,524,842</u>	<u>(1,343,419)</u>	<u>3,356,660</u>	<u>12,981,338</u>
<u>\$ 4,076,033</u>	<u>\$ 5,586,060</u>	<u>\$ 4,822,327</u>	<u>\$ 27,399,294</u>

**CITY OF FILLMORE**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**June 30, 2011**

Fund balances of governmental funds	\$	12,981,338
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets net of depreciation have not been included in the governmental fund activity:		
Capital assets		59,899,245
Accumulated depreciation		(11,111,725)
Long-term debt has not been included in the governmental fund activity:		
Loans payable		(356,041)
Bonds payable		(49,790,000)
Capital leases payable		(422,871)
Compensated absences		(228,414)
OPEB Obligation		(545,943)
Certain accounts, interest, advances, and intergovernmental receivables are not available to pay for current period expenditures and, therefore, are offset by deferred revenue in the governmental funds.		
		7,062,330
Deferred charges, net of accumulated amortization for debt issuance costs on long-term debt have not been reported in the governmental funds.		
		4,080,179
Accrued interest payable for the current portion of interest due on long-term debt have not been reported in the governmental funds.		
		<u>(412,037)</u>
Net assets of governmental activities	\$	<u><u>21,156,061</u></u>

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

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**CITY OF FILLMORE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the fiscal year ended June 30, 2011**

	<u>Debt Service Fund</u>	
	General	Redevelopment Agency
<b>Revenues</b>		
Taxes	\$ 2,864,933	\$ 5,079,573
Licenses and permits	139,932	-
Fines and forfeitures	92,969	-
Investment income	38,304	7,233
Intergovernmental	297,038	-
Charges for services	406,510	-
Other	71,761	-
	<u>3,911,447</u>	<u>5,086,806</u>
<b>Total revenues</b>	<u>3,911,447</u>	<u>5,086,806</u>
<b>Expenditures</b>		
Current:		
General government	1,616,012	-
Public safety	4,536,317	-
Public works	203,919	-
Community development	84,133	85,338
Pass through payments	-	1,360,970
Supplemental ERAF	-	-
Transit	-	-
Parks and recreation	325,929	-
Capital outlay	49,929	-
Debt service:		
Principal	-	685,000
Interest and fiscal charges	-	2,666,936
	<u>6,816,239</u>	<u>4,798,244</u>
<b>Total expenditures</b>	<u>6,816,239</u>	<u>4,798,244</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,904,792)</u>	<u>288,562</u>
<b>Other financing sources (uses)</b>		
Transfers in	1,833,734	233,408
Transfers out	(87,173)	(1,077,847)
Prior year debt proceeds	-	11,260,000
	<u>1,746,561</u>	<u>10,415,561</u>
<b>Total other financing sources (uses)</b>	<u>1,746,561</u>	<u>10,415,561</u>
<b>Net change in fund balances</b>	<u>(1,158,231)</u>	<u>10,704,123</u>
Fund balances, beginning of year, restated	<u>3,154,312</u>	<u>(4,256,949)</u>
<b>Fund balances, end of year</b>	<u>\$ 1,996,081</u>	<u>\$ 6,447,174</u>

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

Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Redevelopment Agency	Redevelopment Agency		
\$ 1,269,894	\$ -	\$ 66,181	\$ 9,280,581
-	-	-	139,932
-	-	-	92,969
12,547	4,986	12,275	75,345
-	-	1,195,012	1,492,050
-	-	970,442	1,376,952
14,125	110,434	2,975	199,295
<u>1,296,566</u>	<u>115,420</u>	<u>2,246,885</u>	<u>12,657,124</u>
-	-	-	1,616,012
-	-	-	4,536,317
-	-	734,165	938,084
695,605	650,052	12,681	1,527,809
-	-	-	1,360,970
491,000	-	-	491,000
-	-	389,286	389,286
-	-	339,836	665,765
-	-	1,332,188	1,382,117
-	-	210,868	895,868
-	-	114,334	2,781,270
<u>1,186,605</u>	<u>650,052</u>	<u>3,133,358</u>	<u>16,584,498</u>
<u>109,961</u>	<u>(534,632)</u>	<u>(886,473)</u>	<u>(3,927,374)</u>
-	1,632,202	856,787	4,556,131
(247,976)	(758,590)	(1,937,182)	(4,108,768)
-	-	-	11,260,000
<u>(247,976)</u>	<u>873,612</u>	<u>(1,080,395)</u>	<u>11,707,363</u>
<u>(138,015)</u>	<u>338,980</u>	<u>(1,966,868)</u>	<u>7,779,989</u>
<u>2,662,857</u>	<u>(1,682,399)</u>	<u>5,323,528</u>	<u>5,201,349</u>
<u>\$ 2,524,842</u>	<u>\$ (1,343,419)</u>	<u>\$ 3,356,660</u>	<u>\$ 12,981,338</u>

**CITY OF FILLMORE**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the fiscal year ended June 30, 2011**

Net change in fund balances - total governmental funds	\$ 7,779,989
<p>Amounts reported for governmental activities in the statement of activities differ from the amounts reported in the statement of activities because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay capitalized exceeds depreciation in the current period.</p>	
Capital outlay, net of disposals	1,367,984
Depreciation, net of disposals	(1,087,427)
<p>Repayment of debt service principal and capital lease liabilities are expenditures in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets.</p>	
	895,868
<p>Debt issuance costs are expenditures in the governmental funds, but these costs are capitalized on the statement of net assets. Likewise, the deferred gain (loss) on the refunding of debt is amortized over the life of the debt. This is the cost less the amount of amortization in the current period.</p>	
	(263,392)
<p>Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>	
	(41,201)
<p>OPEB obligation expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>	
	(205,710)
<p>Some of the revenue will be collected after year-end, but is not available soon enough to pay for the current period's expenditures, and therefore is reported as deferred revenue in the governmental funds.</p>	
	(1,378,139)
<p>Accrued interest for debt service. This is the net change in accrued interest for the current period.</p>	
	139,340
<p>Advances of long-term debt proceeds made to the Redevelopment Agency by the Public Financing Authority in a prior year were reclassified as other financing sources in the current year. The City has elected to remove the PFA from the financial report, and this reclassification is reported with long-term debt in the statement of net assets.</p>	
	<u>(11,260,000)</u>
Change in net assets of governmental activities	<u>\$ (4,052,688)</u>

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

**CITY OF FILLMORE**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

<b>Assets</b>	Enterprise Funds			<b>Total</b>
	Sewer	Water	Town Theater	
Current assets:				
Cash and investments	\$ 4,313,386	\$ 755,733	\$ -	\$ 5,069,119
Cash and investments with fiscal agent	4,086,616	-	-	4,086,616
Accounts receivable, net	971,812	682,710	-	1,654,522
Interest receivable	3,400	755	-	4,155
<b>Total current assets</b>	<b>9,375,214</b>	<b>1,439,198</b>	<b>-</b>	<b>10,814,412</b>
Noncurrent assets:				
Deferred issuance costs, net	1,090,826	716,604	-	1,807,430
Capital assets:				
Land	2,688,630	497,523	-	3,186,153
Construction in progress	-	175,857	-	175,857
Depreciable infrastructure, net	28,466,639	4,506,992	-	32,973,631
Depreciable buildings and improvements, net	-	111,256	-	111,256
Depreciable equipment, net	42,601,428	456,920	-	43,058,348
<b>Total non-current assets</b>	<b>74,847,523</b>	<b>6,465,152</b>	<b>-</b>	<b>81,312,675</b>
<b>Total assets</b>	<b>84,222,737</b>	<b>7,904,350</b>	<b>-</b>	<b>92,127,087</b>

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

**CITY OF FILLMORE**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

	Enterprise Funds			Total
	Sewer	Water	Town Theater	
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	427,549	66,113	2,537	496,199
Accrued interest payable	470,726	55,371	-	526,097
Deposits payable	115,424	67,244	375	183,043
Due to other funds	-	-	388,339	388,339
Current portion of long-term obligations	682,280	264,277	-	946,557
Total current liabilities	<u>1,695,979</u>	<u>453,005</u>	<u>391,251</u>	<u>2,540,235</u>
Noncurrent liabilities:				
Compensated absences	14,681	43,915	-	58,596
Bonds payable	56,285,000	7,145,000	-	63,430,000
Loan payable - State Water Board	14,055	-	-	14,055
Premium on bonds payable	1,847,809	14,509	-	1,862,318
Total non-current liabilities	<u>58,161,545</u>	<u>7,203,424</u>	<u>-</u>	<u>65,364,969</u>
Total liabilities	<u>59,857,524</u>	<u>7,656,429</u>	<u>391,251</u>	<u>67,905,204</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	18,572,877	(914,848)	-	17,658,029
Restricted for debt service	1,071,180	-	-	1,071,180
Unrestricted	4,721,156	1,162,769	(391,251)	5,492,674
Total net assets (deficit)	<u>\$ 24,365,213</u>	<u>\$ 247,921</u>	<u>\$ (391,251)</u>	<u>\$ 24,221,883</u>

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

**CITY OF FILLMORE**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Funds**  
**For the fiscal year ended June 30, 2011**

	Enterprise Funds			Total
	Sewer	Water	Town Theater	
<b>Operating revenues</b>				
Sales and service charges	\$ 4,915,490	\$ 2,538,422	\$ 35,592	\$ 7,489,504
Other	569,844	51,614	-	621,458
<b>Total operating revenues</b>	<b>5,485,334</b>	<b>2,590,036</b>	<b>35,592</b>	<b>8,110,962</b>
<b>Operating expenses</b>				
Administration costs	346,680	389,058	67,299	803,037
Bad debt	76,879	39,976	-	116,855
Pumping	-	456,988	-	456,988
Transmission and distribution	-	529,965	-	529,965
Customer accounts	-	296,526	-	296,526
Treatment and disposal plant	2,029,591	-	-	2,029,591
Depreciation	898,756	119,321	231	1,018,308
<b>Total operating expenses</b>	<b>3,351,906</b>	<b>1,831,834</b>	<b>67,530</b>	<b>5,251,270</b>
<b>Operating income (loss)</b>	<b>2,133,428</b>	<b>758,202</b>	<b>(31,938)</b>	<b>2,859,692</b>
<b>Non-operating revenues (expenses)</b>				
Investment income	189,511	11,484	-	200,995
Amortization	(30,301)	(34,124)	-	(64,425)
Interest expense	(2,791,229)	(386,583)	-	(3,177,812)
Bond trustee charges	(2,950)	(4,290)	-	(7,240)
<b>Total other financing sources (uses)</b>	<b>(2,634,969)</b>	<b>(413,513)</b>	<b>-</b>	<b>(3,048,482)</b>
<b>Loss before transfers</b>	<b>(501,541)</b>	<b>344,689</b>	<b>(31,938)</b>	<b>(188,790)</b>
Transfers in	70,948,812	4,500	-	70,953,312
Transfers out	(71,230,035)	(170,640)	-	(71,400,675)
<b>Change in net assets</b>	<b>(782,764)</b>	<b>178,549</b>	<b>(31,938)</b>	<b>(636,153)</b>
<b>Net assets, beginning of year</b>	<b>25,147,977</b>	<b>69,372</b>	<b>(359,313)</b>	<b>24,858,036</b>
<b>Net assets, end of year</b>	<b>\$ 24,365,213</b>	<b>\$ 247,921</b>	<b>\$ (391,251)</b>	<b>\$ 24,221,883</b>

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

**CITY OF FILLMORE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the fiscal year ended June 30, 2011**

	Enterprise Funds			Total
	Sewer	Water	Town Theater	
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 5,008,195	\$ 2,246,199	\$ 35,592	\$ 7,289,986
Payments to employees	(254,674)	(1,188,405)	(24,243)	(1,467,322)
Payments to suppliers	(7,450,800)	(538,925)	(44,355)	(8,034,080)
Net cash provided (used) by operating activities	<u>(2,697,279)</u>	<u>518,869</u>	<u>(33,006)</u>	<u>(2,211,416)</u>
<b>Cash flows from noncapital financing activities</b>				
Loan to other funds	69,082	-	-	69,082
Repayment of loan from other funds	(6,856)	(27,884)	-	(34,740)
Repayment of other loans	(40,882)	-	-	(40,882)
Transfer to/from other funds	(281,223)	(166,140)	32,606	(414,757)
Net cash provided (used) by noncapital financing activities	<u>(259,879)</u>	<u>(194,024)</u>	<u>32,606</u>	<u>(421,297)</u>
<b>Cash flows from capital and related financing activities</b>				
Purchase of capital assets	(1,213,426)	-	-	(1,213,426)
Principal payments on long-term debt	(609,105)	(7,300,000)	-	(7,909,105)
Proceeds of 2010 Refunding COP	-	7,005,520	-	7,005,520
Interest paid on long-term debt	(2,798,112)	(408,608)	-	(3,206,720)
Net cash (used) by capital and related financing activities	<u>(4,620,643)</u>	<u>(703,088)</u>	<u>-</u>	<u>(5,323,731)</u>
<b>Cash flows from investing activities</b>				
Interest on investments	138,253	10,880	-	149,133
Net cash provided by investing activities	<u>138,253</u>	<u>10,880</u>	<u>-</u>	<u>149,133</u>
Net decrease in cash and cash equivalents	(7,439,548)	(367,363)	(400)	(7,807,311)
Cash and cash equivalents, beginning of year	<u>15,839,550</u>	<u>1,123,096</u>	<u>400</u>	<u>16,963,046</u>
Cash and cash equivalents, end of year	<u>\$ 8,400,002</u>	<u>\$ 755,733</u>	<u>\$ -</u>	<u>\$ 9,155,735</u>

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

**CITY OF FILLMORE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the fiscal year ended June 30, 2011**

	Enterprise Funds			Total
	Sewer	Water	Town Theater	
<b>Non-cash activities</b>				
Amortization of deferred charges	\$ 30,301	\$ 34,124	\$ -	\$ 64,425
Increase in allowance for doubtful accounts	\$ 76,879	\$ 39,976	\$ -	\$ 116,855
<b>Reconciliation of cash and cash equivalents to amounts reported on the statement of net assets</b>				
Reported on the statements of net assets:				
Cash and investments	\$ 4,313,386	\$ 755,733	\$ -	\$ 5,069,119
Cash and investments with fiscal agents	4,086,616	-	-	4,086,616
Totals	\$ 8,400,002	\$ 755,733	\$ -	\$ 9,155,735
<b>Reconciliation of operating income (loss) to net cash provided (used) by operations:</b>				
Operating income (loss)	\$ 2,133,428	\$ 758,202	\$ (31,938)	\$ 2,859,692
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	898,756	119,321	231	1,018,308
Bad debt expense	76,879	39,976	-	116,855
(Increase) decrease in assets:				
Accounts receivable	(539,235)	(347,495)	-	(886,730)
Increase (decrease) in liabilities:				
Accounts payable	(5,343,884)	(46,278)	(1,299)	(5,391,461)
Deposits payable	62,096	3,658	-	65,754
Compensated absences	14,681	(8,515)	-	6,166
Total adjustments	(4,830,707)	(239,333)	(1,068)	(5,071,108)
Net cash provided (used) by operating activities	\$ (2,697,279)	\$ 518,869	\$ (33,006)	\$ (2,211,416)

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

**CITY OF FILLMORE**  
**Statement of Fiduciary Assets and Liabilities**  
**June 30, 2011**

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and investments	\$ 2,075,645
Cash and investments with fiscal agent	547,736
Receivables:	
Interest	973
Taxes	9,552
Prepaid items	<u>1,325</u>
 Total assets	 <u><u>\$ 2,635,231</u></u>
<b>Liabilities</b>	
Accounts payable	\$ 9,764
Deposits payable	880,572
Due to bondholders	<u>1,744,895</u>
 Total liabilities	 <u><u>\$ 2,635,231</u></u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 1: Summary of significant accounting policies**

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

**a. Description of the reporting entity**

The City of Fillmore was incorporated July 10, 1914 under the general laws of the State of California. The City operates under the Council-Manager form of government.

The City of Fillmore is a reporting entity which includes the following component units:

Fillmore Redevelopment Agency  
Fillmore Public Financing Authority

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is either able to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if an organization is fiscally dependent upon the City (i.e., it is unable to adopt its budget, levy taxes, set rates or charges or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

All of the City's component units are considered to be blended component units because, in all cases, the City Council serves as the governing board for each component unit. Blended component units, although legally separate entities, are, in substance, part of the City's operations, therefore data from these units are reported with the interfund data of the primary government.

The Fillmore Redevelopment Agency issues separate component unit statements. The financial statements of the component units can be obtained at City Hall. The following entities are considered to be component units of the City.

*Fillmore Redevelopment Agency*

The Redevelopment Agency was established on August 28, 1979, pursuant to the State of California Health and Safety Code Section 33000. Its purpose is to prepare and carry out plans for the improvement, rehabilitation, and development of blighted areas within the territorial limits of the City of Fillmore.

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 1: Summary of significant accounting policies (continued)**

**a. Description of the reporting entity (continued)**

*Fillmore Public Financing Authority*

The Fillmore Public Financing Authority was formed on September 25, 1990, by a joint powers agreement between the City of Fillmore and the Fillmore Redevelopment Agency. It was created to acquire and finance the acquisition of public capital improvements necessary or convenient for the operation of the City or Agency. As described further in Note 17, the City has elected to remove the PFA from this annual report, and as such, the fund has been closed as a result of the current year's activity, only for the purposes of this report.

**b. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

**c. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, therefore, they have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 1: Summary of significant accounting policies (continued)**

**c. Measurement focus, basis of accounting, and financial statement presentation, (continued)**

The City reports the following major governmental funds:

*General Fund* - This fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

*Fillmore Redevelopment Agency Debt Service Fund* - This fund accounts for the property tax increment received by the Agency and also for the repayment of the Agency's indebtedness.

*Fillmore Redevelopment Agency Special Revenue Fund* - This fund accounts for the Agency's activities related to Low and Moderate Income Housing.

*Fillmore Redevelopment Agency Capital Projects Fund* - This fund accounts for the financing, construction, and administrative activities of the Agency.

The City also reports the following major proprietary funds:

*Water Enterprise Fund* - This fund accounts for the operation and maintenance of the City's water distribution system.

*Sewer Enterprise Fund* - This fund accounts for the operation and maintenance of the wastewater system within the City's boundaries.

Additionally, the City reports the following fund types:

*Agency Funds* are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). For proprietary fund type activities, the City has elected to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they contradict or conflict with GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 1: Summary of significant accounting policies (continued)**

**c. Measurement focus, basis of accounting, and financial statement presentation, (continued)**

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for the Enterprises Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**d. Assets, liabilities, net assets or equity**

*Cash and cash equivalents*

For purposes of the statement of cash flows, the City considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures. Cash equivalents have an original maturity date of three months or less from the date of purchase.

*Cash and investments*

Investments are reported in the accompanying statement of net assets at fair value, except for nonparticipating certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investment.

The City pools cash and investments of all funds, except assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 1: Summary of significant accounting policies (continued)**

**d. Assets, liabilities, net assets or equity (continued)**

*Receivables and payables*

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

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

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

*Property taxes*

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

*Property valuations* - Are established by the Assessor of the County of Ventura for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978) properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

*Tax levies* - Are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

*Tax levy dates* - Are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

*Tax levy apportionments* - Due to the nature of the City-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three years prior to fiscal year 1979.

*Property tax administration fees* - The State of California FY 1990-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded as net of administrative fees withheld during the fiscal year.

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 1: Summary of significant accounting policies (continued)**

**d. Assets, liabilities, net assets or equity (continued)**

*Prepaid items*

Payments made to vendors for services that will benefit periods beyond June 30, 2011 are recorded as prepaid items and are offset equally by a fund balance account which indicates that they do not constitute expendable available resources and therefore are not available for appropriation.

*Cash and investments with fiscal agent*

Certain proceeds of the City's long-term debt, as well as certain resources set aside for their repayment are maintained in separate bank accounts and their use is limited by applicable bond covenants.

In the absence of specific statutory provisions governing the issuance of bonds, certificates, or leases, these monies may be invested in accordance with the ordinance; resolutions, and indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions, and indentures are generally more restrictive than the City's general investment policy. In no instance have additional types of investments been authorized that are not permitted by the City's general investment policy.

*Capital assets*

Capital assets, which include property, plant, equipment, fine art, and infrastructure assets (e.g., roads, bridges, sidewalks, traffic lights and signals, street lights, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 (\$50,000 for buildings and infrastructure) or more and an estimated useful life in excess of one year. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the fiscal year ended June 30, 2011.

Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	25 to 50
Improvements other than buildings	30
Infrastructure	20 to 40
Utility systems	50 to 200
Vehicles	8 to 20
Equipment and furnishings	5 to 20
Storm drains	200

Periodic restoration and maintenance costs on particular items are charged to expense as incurred.

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 1: Summary of significant accounting policies (continued)**

**d. Assets, liabilities, net assets or equity (continued)**

*Claims and judgments*

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability has been incurred prior to fiscal year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. At June 30, 2011, the City has determined that there are no outstanding claims or judgments which would be material to the financial statements.

*Compensated absences*

In accordance with GASB Statement No. 16, an employee benefits payable liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Under GASB Statement No. 16, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

The short-term portion is determined to be the amount due to employees for future absences which is attributed to services already rendered and which is expected to be paid during the next fiscal year. The total amount of liability for compensated absences is segregated between short-term and long-term as indicated above.

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Normally, an employee cannot accrue more than his/her regular annual entitlement plus ten (10) days.

Sick leave is payable when an employee is unable to work because of illness. Any unused sick leave is forfeited upon termination of employment, except by reason of layoff. Accumulated sick leave is only payable after an employee reaches 62 years of age.

*Long-term obligations*

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

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

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 1: Summary of significant accounting policies (continued)**

**d. Assets, liabilities, net assets or equity (continued)**

*Net assets*

Net assets are divided into three captions under GASB Statement No. 34. These captions apply only to Net assets as determined at the Government-wide level, and are described below:

- *Invested in capital assets, net of related debt* describes the portion of net assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets, if any.
- *Restricted* describes the portion of net assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income housing purposes.
- *Unrestricted* describes the portion of net assets, which is not restricted as to use.

*Fund balances*

Beginning with the current fiscal year, the City implemented GASBS No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable* – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- *Restricted* – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.
- *Committed* – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- *Assigned* – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned* – amounts that are for any purpose; positive amounts are reported only in a general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. The City Council has not designated any level of authority for assigning fund balance; therefore, the City Council can assign fund balance.

When both restricted and unrestricted resources are available for use when an expenditure is incurred, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. It is the City's policy to consider committed amounts as being reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 1: Summary of significant accounting policies (continued)**

**e. Estimates**

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

**Note 2: Stewardship, compliance, and accountability**

**General budget policies**

The City Council has the responsibility for adoption of the City's budget. Budgets are adopted for governmental funds. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during each fiscal year. The City Manager is authorized to transfer funds from one major expenditure category to another within the same department and fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts entered into by the City are subject to annual review by the City Council; hence, they legally are one year contracts with an option for renewal for another fiscal year.

Budgeted revenue and expenditure amounts represent the City's originally-adopted legal budget adjusted for unanticipated revenues and appropriations during the course of the fiscal year. Budget amounts, as adjusted, reported for the governmental funds of the City are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Budgets are adopted for all general, special revenue, capital projects, and debt service funds except for the Depot Restoration Capital Project Fund.

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 2: Stewardship, compliance, and accountability (continued)**

**General budget policies (continued)**

*Encumbrances*

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental fund types. Encumbrances outstanding at fiscal year end do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year.

*Deficit fund balances/net assets*

The following funds contained deficits of fund balances/net assets as of June 30, 2011:

	Amount
Major governmental fund:	
Redevelopment Agency Capital Projects Fund	\$ 1,343,419
 Nonmajor governmental funds:	
Special revenue funds:	
Gas Tax	100,878
Swimming Pool Maintenance	154,606
Recreation	49,655
DIF Water Improvement	682,399
 Capital projects funds:	
Vehicle Replacement	19,615
Depot Restoration	29,097
 Nonmajor enterprise fund:	
Town Theater Fund	391,251

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 2: Stewardship, compliance, and accountability (continued)**

**General budget policies (continued)**

*Excess expenditures over appropriations*

There were no funds that reported an excess of expenditures over appropriations in departments/cost centers during the fiscal year ended June 30, 2011, except for the major funds reported in the Notes to the Required Supplementary Information.

**Note 3: Cash and investments**

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 17,116,495
Cash and investments with fiscal agent	8,082,413
Statement of fiduciary assets and liabilities:	
Cash and investments	2,075,645
Cash and investments with fiscal agent	<u>547,736</u>
Total cash and investments	<u><u>\$ 27,822,289</u></u>

Cash and investments as of June 30, 2011 consist of the following:

Cash on hand	\$ 775
Deposits with financial institutions	6,392,371
Investments	<u>21,429,143</u>
Total	<u><u>\$ 27,822,289</u></u>

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 3: Cash and investments (continued)**

*Investments authorized by the California Government Code and the City's investment policy*

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized investment type	Maximum maturity	Maximum percentage of portfolio *	Maximum investment in one issuer
U.S. Treasury Obligation	2 years	75%	None
U.S. Agency Securities	2 years	75%	None
Certificates of Deposit	2 years	30%	None
Savings Accounts	N/A	85%	None
Money Market Mutual Fund (U.S. Treasury)	2 years	None	10%
Ventura County Pooled Investment Funds	N/A	30%	None
Local Agency Investment Fund (LAIF)	N/A	100%	\$ 40,000,000

\* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

*Investments authorized by debt agreements*

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized investment type	Maximum maturity	Maximum percentage of portfolio	Maximum investment in one issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Time Deposits	None	None	None
Money Market Mutual Funds	N/A	None	10%
Investment Contracts	31 years	None	None
Local Agency Investment Fund	None	None	None

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 3: Cash and investments (continued)**

*Disclosures relating to interest rate risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity.

Investment type	Totals	Remaining maturity			
		12 months or less	13 to 24 months	25 to 60 months	More than 60 months
State Investment Pool	\$ 12,689,599	\$ 12,689,599	\$ -	\$ -	\$ -
Certificate of deposit	109,396	109,396	-	-	-
Held by bond trustee:					
Money market	8,630,148	8,630,148	-	-	-
<b>Total investments</b>	<b>\$ 21,429,143</b>	<b>\$ 21,429,143</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*Investments with fair value highly sensitive to interest rate fluctuations*

The City has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

*Disclosures relating to a credit risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment type	Amount	Minimum legal rating	Ratings at fiscal year end	
			Aaa	Not rated
State Investment Pool	\$ 12,689,599	N/A	\$ -	\$ 12,689,599
Certificate of deposit	109,396	N/A	-	109,396
Held by bond trustee:				
Money market	8,630,148	N/A	8,630,148	-
<b>Total investments</b>	<b>\$ 21,429,143</b>		<b>\$ 8,630,148</b>	<b>\$ 12,798,995</b>

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 3: Cash and investments (continued)**

*Concentration of credit risk*

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City has no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

*Custodial credit risk*

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2011, \$6,086,058 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts as required by the California Government Code as stated above.

*Investment in State Investment Pool*

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 investment 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). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 4: Accounts Receivable**

The following is a list of accounts receivable at June 30, 2011:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental activities:			
Intergovernmental	\$ 642,282	\$ -	\$ 642,282
Accounts	334,713	-	334,713
	<u>\$ 976,995</u>	<u>\$ -</u>	<u>\$ 976,995</u>
Business-type activities:			
Accounts	<u>\$ 1,936,024</u>	<u>\$ (281,502)</u>	<u>\$ 1,654,522</u>
Fiduciary funds:			
Taxes	<u>\$ 9,552</u>	<u>\$ -</u>	<u>\$ 9,552</u>

Based on historical estimates, the City has established an allowance for uncollectible accounts for the sewer and water enterprise funds.

**Note 5: Notes and loans receivable**

Notes and loans receivable, including accrued interest consists of the following:

	<u>Balance at June 30, 2011</u>
a) The Agency has entered into loan agreements with various residents within the redevelopment project area. The loans are either fully amortized or deferred until the corresponding property is sold. Interest rates are 5.0%. These loans are home rehabilitation loans.	\$ 92,062
b) The Agency has a First Time Homebuyers program whereby qualified residents can receive assistance in purchasing a home within the City. The assistance is in the form of deferred loans of up to \$40,000. These loans are secured by a second trust deed and are due upon sale of the property.	1,199,957
c) The Agency has entered into 2 loan agreements with Ronald and Doris Stewart. The first loan is \$225,000 at 4% and is fully amortized over 20 years beginning January 1, 2011. The second loan is \$85,000 at 4% and is fully amortized over 20 years beginning January 1, 2004.	225,458
d) The Agency entered into a Disposition and Development Agreement with the Cabrillo Economic Development Corp. The total loan committed by the Agency is \$1,318,348 with interest at 3%. The loan is to assist in the development of low and moderate income housing units and is to be repaid over time as the units are sold. The repayment will be in the form of new financing with the homebuyers. Per Resolution 10-247, the original loan was converted into a grant from the Agency. The balance converted to a grant was \$1,537,540.	-

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 5: Notes and loans receivable (continued)**

	<u>Balance at June 30, 2011</u>
e) The Agency has entered into a participation Agreement, as of June 19, 2007, with Carrera Boats West, Inc. The proceeds of the loan are to be used to assist in relocation and rehabilitation. The loan is for \$85,000 plus annual interest at 7.25%. The company agrees to operate within the City of Fillmore for at least 10 years. After 3 years in operation, the City will credit the company with a 10% offset and for each year thereafter. Final maturity is March 27, 2017. The \$91,163 remaining balance of this loan was written off as uncollectible.	\$ -
f) The Agency and the Fillmore and Western Railway Co. (Company) have entered into an owner participation agreement in the amount of \$103,800 at 6% per annum. The Agency and the Company have also entered into a separate lease agreement. Repayment of the note is predicated on the lease agreement. Each year of the lease, the principal and interest will be credited in an equal amount to 1/10 <sup>th</sup> of the principal and interest outstanding.	31
g) The Agency has loaned \$5,000 to C. Charles and N. Moberly to assist in the operation of the Central Cigar Co. Interest accrues at a rate of 6%. The balance is past due as of June 30, 2011. \$4,278 of this loan was written off as uncollectible.	-
h) The Agency has loaned \$5,000 to the Towne Theatre for the purchase of a ticketing system. This is a non-interest bearing note with no specific repayment terms.	5,000
i) The Agency has loaned John and Janet Foy \$105,000 at a rate of 4% per annum. Monthly principal and interest payments are \$636 with a maturity date of March 31, 2016.	37,584
j) The Agency has entered into a participation agreement with Keller Classics, Inc. (Classics). The agreement is evidenced by a promissory note in the amount of \$84,563. This deferred note carries interest at a rate of 6% per annum. As long as Classics operates its clothing business and continues to maintain full time employees, the loan will be forgiven at a specified rate not to exceed 1/10 <sup>th</sup> of the outstanding balance.	70,500
k) The Agency has entered into a residual receipts agreement with Fillmore Parkview Seniors LP. The original amount of the note was \$4,666,593 and was used by the maker to build senior housing within the Agency project area. The note is to be repaid from 50% of the residual receipts of the housing project. The interest rate is 3% (simple) and the entire note is due and payable by September 1, 2055. The note is secured by the project and is subject to the term of the DDA between the Agency and the maker. Accrued interest included as of June 30, 2011 is \$781,033.	<u>5,447,626</u>
Total notes and loans receivable	<u><u>\$ 7,078,218</u></u>

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 6: Interfund activity**

The following represents the interfund activity of the City for the fiscal year ended June 30, 2011:

**a. Transfers**

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 an expenditure on behalf of another fund.

Transfers in and out for the year ended June 30, 2011 were as follows:

<u>Transfers to</u>	<u>Transfers from</u>	<u>Amounts</u>
General Fund	Redevelopment Agency Capital Projects Fund	\$ 758,590
	Redevelopment Agency Special Revenue Fund	247,976
	Sewer Fund	481,223
	Water Fund	170,639
	Nonmajor Governmental Funds	175,306
Redevelopment Agency Debt Service Fund	Public Financing Authority Debt Service Fund	233,408
Redevelopment Agency Capital Projects Fund	Redevelopment Agency Debt Service Fund	1,000,000
	Nonmajor Governmental Funds	632,202
Nonmajor Governmental Funds	General Fund	87,173
	Redevelopment Agency Debt Service Fund	77,847
	Nonmajor Governmental Funds	691,767
Water Fund	Nonmajor Funds	4,500
Sewer Fund	Sewer Funds	70,948,812
	<b>Totals</b>	<b><u>\$ 75,509,443</u></b>

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 6: Interfund activity (continued)**

**b. Advances**

Advances are long-term in nature and will be repaid when the funds become available. As of June 30, 2011, there were no outstanding advances between funds.

**c. Due to/from other funds**

Current interfund balance arises in the normal course of business and to assist funds with negative cash balance at the fiscal year end. They are expected to be repaid shortly after the end of the fiscal year.

Receivable fund	Payable fund	Amounts
General Fund	Town Theater	\$ 388,339
	Nonmajor Governmental Funds	329,056
Redevelopment Agency Debt Service Fund	Nonmajor Governmental Funds	750,000
	Redevelopment Agency Capital Projects Fund	1,328,234
Nonmajor Governmental Funds	Nonmajor Governmental Funds	87,299
	Totals	\$ 2,882,928

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 7: Capital assets**

**a. Governmental activities**

Capital assets governmental activity for the fiscal year ended June 30, 2011 was as follows:

<b>Governmental activities:</b>	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 13,967,986	\$ -	\$ -	\$ 13,967,986
Construction in progress	8,301,005	1,318,055	(2,901,976)	6,717,084
<b>Total capital assets, not being depreciated</b>	<u>22,268,991</u>	<u>1,318,055</u>	<u>(2,901,976)</u>	<u>20,685,070</u>
<b>Capital assets, being depreciated:</b>				
Buildings and improvements:				
Buildings	13,611,094	-	-	13,611,094
Land improvements	5,231,825	1,501,151	-	6,732,976
Machinery and equipment	3,523,355	49,929	-	3,573,284
Infrastructure:				
Roadways and bikepaths	13,841,996	1,400,825	-	15,242,821
Other street appurtenances	54,000	-	-	54,000
<b>Total capital assets, being depreciated</b>	<u>36,262,270</u>	<u>2,951,905</u>	<u>-</u>	<u>39,214,175</u>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements:				
Buildings	(2,602,124)	(298,671)	-	(2,900,795)
Land improvements	(943,975)	(264,291)	-	(1,208,266)
Machinery and equipment	(2,186,114)	(234,795)	-	(2,420,909)
Infrastructure:				
Roadways and bikepaths	(4,238,085)	(289,670)	-	(4,527,755)
Other street appurtenances	(54,000)	-	-	(54,000)
<b>Total accumulated depreciation</b>	<u>(10,024,298)</u>	<u>(1,087,427)</u>	<u>-</u>	<u>(11,111,725)</u>
<b>Total capital assets, being depreciated, net</b>	<u>26,237,972</u>	<u>1,864,478</u>	<u>-</u>	<u>28,102,450</u>
<b>Total governmental activities capital assets, net</b>	<u>\$ 48,506,963</u>	<u>\$ 3,182,533</u>	<u>\$ (2,901,976)</u>	<u>\$ 48,787,520</u>

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 7: Capital assets (continued)**

**a. Governmental activities (continued)**

Depreciation expense was charged to functions/programs of the City's governmental activities as follows:

Governmental activities:

General government	\$	150,500
Public safety		165,954
Public works		507,489
Community development		97,930
Parks and recreation		<u>165,554</u>
Total	<u>\$</u>	<u>1,087,427</u>

**b. Business-type activities**

Capital asset business-type activity for the fiscal year ended June 30, 2011 was as follows:

<i><b>Business-type activities:</b></i>	Beginning balance	Additions	Deletions	Ending balance
<b>Sewer activity</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 2,688,630	\$ -	\$ -	\$ 2,688,630
Construction in progress	<u>64,939,151</u>	<u>1,213,426</u>	<u>(66,152,577)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>67,627,781</u>	<u>1,213,426</u>	<u>(66,152,577)</u>	<u>2,688,630</u>
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	3,280,504	-	-	3,280,504
Infrastructure	7,722,310	66,152,577	-	73,874,887
Less - accumulated depreciation	<u>(5,188,568)</u>	<u>(898,756)</u>	<u>-</u>	<u>(6,087,324)</u>
Total capital assets, being depreciated	<u>5,814,246</u>	<u>65,253,821</u>	<u>-</u>	<u>71,068,067</u>
<b>Total sewer capital assets, net</b>	<u>\$ 73,442,027</u>	<u>\$ 66,467,247</u>	<u>\$ (66,152,577)</u>	<u>\$ 73,756,697</u>

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 7: Capital assets (continued)**

**b. Business-type activities (continued)**

	Beginning balance	Additions	Deletions	Ending balance
<b>Water activity</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 497,523	\$ -	\$ -	\$ 497,523
Construction in progress	175,857	-	-	175,857
Total capital assets, not being depreciated	<u>673,380</u>	<u>-</u>	<u>-</u>	<u>673,380</u>
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	313,488	-	-	313,488
Infrastructure	6,425,572	-	-	6,425,572
Machinery and equipment	1,436,574	-	-	1,436,574
Less - accumulated depreciation	<u>(2,981,145)</u>	<u>(119,321)</u>	<u>-</u>	<u>(3,100,466)</u>
Total capital assets, being depreciated	<u>5,194,489</u>	<u>(119,321)</u>	<u>-</u>	<u>5,075,168</u>
<b>Total water capital assets, net</b>	<u>\$ 5,867,869</u>	<u>\$ (119,321)</u>	<u>\$ -</u>	<u>\$ 5,748,548</u>
<b>Town Theater</b>				
<b>Capital assets, being depreciated:</b>				
Machinery and equipment	\$ 44,818	\$ -	\$ -	\$ 44,818
Less - accumulated depreciation	<u>(44,587)</u>	<u>(231)</u>	<u>-</u>	<u>(44,818)</u>
<b>Total theater capital assets, net</b>	<u>\$ 231</u>	<u>\$ (231)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total business-type activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 3,186,153	\$ -	\$ -	\$ 3,186,153
Construction in progress	65,115,008	1,213,426	(66,152,577)	175,857
Total capital assets, not being depreciated	<u>68,301,161</u>	<u>1,213,426</u>	<u>(66,152,577)</u>	<u>3,362,010</u>
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	3,593,992	-	-	3,593,992
Infrastructure	14,147,882	66,152,577	-	80,300,459
Machinery and equipment	1,481,392	-	-	1,481,392
Less - accumulated depreciation	<u>(8,214,300)</u>	<u>(1,018,308)</u>	<u>-</u>	<u>(9,232,608)</u>
Total capital assets, being depreciated	<u>11,008,966</u>	<u>65,134,269</u>	<u>-</u>	<u>76,143,235</u>
<b>Total business-type activities capital assets, net</b>	<u>\$ 79,310,127</u>	<u>\$ 66,347,695</u>	<u>\$ (66,152,577)</u>	<u>\$ 79,505,245</u>

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 7: Capital assets (continued)**

**b. Business-type activities (continued)**

Depreciation expense was charged to functions/programs of the City's business-type activities as follows:

Sewer	\$	898,756
Water		119,321
Town Theater		231
		231
Total	\$	1,018,308

**Note 8: Long-term liabilities**

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2011:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
<b>Governmental activities:</b>					
Capital leases payable	\$ 544,491	\$ -	\$ (121,620)	\$ 422,871	\$ 96,864
State water loan payable	445,289	-	(89,248)	356,041	89,248
Revenue bonds	69,235,000	-	(57,820,000)	11,415,000	345,000
Bonds/notes	38,730,000	-	(355,000)	38,375,000	455,000
Certificates of participation	7,200,000	-	(7,200,000)	-	-
OPEB Obligation	340,233	229,844	(24,134)	545,943	212,832
Compensated absences	187,213	124,330	(83,129)	228,414	91,366
	\$ 116,682,226	\$ 354,174	\$ (65,693,131)	\$ 51,343,269	\$ 1,290,310
<b>Business-type activities:</b>					
<i>Water</i>					
Compensated absences	\$ 81,707	\$ 13,849	\$ (22,364)	\$ 73,192	\$ 29,277
Bonds	-	7,480,000	(100,000)	7,380,000	235,000
Premium on bonds	-	15,200	(691)	14,509	-
	81,707	7,509,049	(123,055)	7,467,701	264,277
<i>Sewer</i>					
Compensated absences	23,957	46,783	(46,271)	24,469	9,788
State water loan payable	23,449	-	(4,697)	18,752	4,697
Revenue bonds	-	57,490,000	(590,000)	56,900,000	615,000
Premium on bonds	1,953,399	-	(52,795)	1,900,604	52,795
	2,000,805	57,536,783	(693,763)	58,843,825	682,280
Business-type activities long-term liabilities	\$ 2,082,512	\$ 65,045,832	\$ (816,818)	\$ 66,311,526	\$ 946,557

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 8: Long-term liabilities (continued)**

**a. Capital lease obligations**

The City is obligated under leases which are accounted for as capital leases. The City has entered into two capital lease agreements with Oshkosh Capital for 2004 and 2006 fire engines. The obligations are accounted for as governmental activities long-term debt.

The balance of the capital leases at June 30, 2011 is \$422,871. The first capital lease has been paid in full as of June 30, 2011. Minimum annual payments on the second lease is \$96,864 for the second lease, which includes interest between 4% and 5%.

**b. Loan payable – State Water Resources Control Board**

On May 15, 1993, the City entered into a loan contract with the State Water Resources Control Board. Under provision of the Federal Clean Water Act and State law, the State Water Board agreed to loan the City a maximum sum of \$1,877,385 for the wastewater treatment plant expansion project. The loan carries an interest rate of 2.9 percent per annum.

In fiscal year 1995-96, this loan was restructured into a zero interest State Revolving Fund Loan. In order to accomplish this, the City paid \$99,106 accrued interest through October 31, 1995 and the State match share of \$312,904. The balance of governmental activities long-term debt is \$356,041 as of June 30, 2011. An additional amount of \$18,752 is recorded in the Sewer Enterprise Fund, for a total outstanding balance of \$374,793.

Minimum annual payments on the loan amount to \$89,248 and \$4,697 for the governmental activities long-term debt and Sewer Enterprise long-term debt, respectively.

**c. Fillmore Public Financing Authority revenue bonds**

1. On February 16, 2006, the Fillmore Public Financing Authority (PFA) sold \$13,225,000 total aggregate principal amount of 2005 Revenue Bonds Series A. From the issuance, the Authority paid issue costs of \$160,000, financed a reserve fund in the amount of \$950,000, and loaned the balance to the Redevelopment Agency to fund various projects in the amount of \$12,115,000. The loan is secured by incremental property tax revenues of the Agency and the interest rate varies between 3.25% and 5.50%. As further described in Note 17, the City has elected to remove the PFA from the annual financial report. The loan to the Agency has been removed from the fund financial statements accordingly, and the applicable debt is accounted for as governmental activities long-term debt on the statement of net assets. Interest payments are due semi-annually each May 15 and November 15 with annual principal payments due each May 15 through 2031. The outstanding principal balance at June 30, 2011 is \$11,415,000.
2. On June 7, 2007, the Fillmore Public Financing Authority issued \$57,490,000 of Series 2007 Revenue Bonds. The proceeds are to be loaned to the City's wastewater enterprise utility to assist in the construction of a new wastewater treatment facility. The bonds are secured by an installment agreement between the Authority and the City and through which the new revenues of the wastewater system are pledged. Proceeds from the issue have also been used to fund a reserve account, fund capitalized interest on the bonds through May 1, 2009, and pay costs of issuance. With the City's election to remove the PFA from the annual financial report, the outstanding bonds are only reported as long-term debt of business-type activities. Interest on the bonds consists of serial and term bonds and are payable semi-annually each May 1 and November 1. The first 2 years of interest will be paid through the bond proceeds. The principal will be paid annually on May 1 beginning in 2011 and ending in the year 2047. Interest rates vary between 4% and 5%. The outstanding principal balance of the bonds as of June 30, 2011 was \$56,900,000.

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 8: Long-term liabilities (continued)**

**d. Redevelopment Agency bonds**

1. On August 10, 2006, the Fillmore Redevelopment Agency issued \$38,970,000 of 2006 Series A Tax Allocation Bonds. The proceeds from the bonds are to be used to finance projects within the Agency's Project Area, pay costs of issuance, fund a reserve account, and advance refund the 2003 loan from the Fillmore Public Authority (PFA) in the amount of \$30,895,982. The bonds are junior and subordinate to the 2005 loans with the PFA. The bonds are secured by a pledge of future tax increment revenues of the Agency. The bonds mature annually beginning May 1, 2007 and ending May 1, 2031. Interest is payable semi-annually each May 1 and November 1, calculated at rates ranging from 4% to 5.37%. The issue consists of \$7,190,000 of serial bonds due from 2007 through 2018 and \$31,780,000 of term bonds due from 2021 through 2031. The outstanding principal balance of the bonds as of June 30, 2011 was \$37,490,000.

On December 28, 2006, the Agency issued \$9,450,000 of 2006 Tax Allocation Bond Anticipation Notes. The proceeds from the notes are to be used to pay for costs of issuance, fund a reserve fund, fund capitalized interest for 26 months, and finance projects with the Agency's Project Area. The Notes are junior and subordinate to the 2005 Public Financing Authority loan and the 2006 Tax Allocation Bonds. The Notes are secured by a pledge of future tax increment revenue of the Agency. Principal on the Notes is due and payable on May 1, 2013. Interest is payable semi-annually each May 1 and November 1 at a rate of 4.70%. The outstanding principal balance of the Notes as of June 30, 2011 was \$885,000.

**e. 2002 Certificates of Participation**

On May 1, 2002, the Fillmore Public Financing Authority issued \$8,065,000 in Certificates of Participation.

The purpose of the certificates was to defease \$7,345,000 of outstanding 1997 Certificates of Participation, to fund a reserve fund, to fund capitalized interest with respect to the Certificates through May 1, 2003, and to pay certain expenses of the transaction. The water system will be sold by the Fillmore Public Financing Authority to the City of Fillmore pursuant to an Installment Sale Agreement.

The City and the Authority have entered into an Installment Sales Agreement to make payments solely from the net revenues of the water system. The installment payments are scheduled to be made in amounts sufficient to pay, when due, the annual principal and interest with respect to the certificates. The Certificates were defeased during the year ended June 30, 2011, as described below.

**f. 2010 Water System Refunding Bonds**

On November 30, 2010, the Fillmore Public Financing Authority issued \$7,480,000 in Water System Refunding Bonds.

The proceeds are to be loaned to the City's water enterprise utility for the purpose of refinancing improvements to the water system. The issuance of these bonds defeased \$7,200,000 of outstanding 2002 Certificates of Participation. The water system will be sold by the Fillmore Public Financing Authority to the City of Fillmore pursuant to an Installment Sale Agreement.

The City and the Authority have entered into an Installment Sales Agreement to make payments solely from the net revenues of the water system. The installment payments are scheduled to be made in amounts sufficient to pay, when due, the annual principal and interest with respect to the certificates.

As a result of the refunding, the City reduced its total debt service requirements by \$951,313, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$397,962.

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 8: Long-term liabilities (continued)**

**g. Governmental long-term debt amortization**

The schedules of annual requirements to amortize all governmental long-term debt outstanding as of June 30, 2011 including interest are as follows:

Fiscal year ending June 30,	Capital leases payable	
	2006 Pierce	Total
2012	\$ 96,864	\$ 96,864
2013	96,864	96,864
2014	96,864	96,864
2015	96,864	96,864
2016	96,864	96,864
Totals	484,320	484,320
Less amount representing interest	(61,449)	(61,449)
Present value of minimum payments	<u>\$ 422,871</u>	<u>\$ 422,871</u>

Fiscal year ending June 30,	Loan payable - State Water Resource Control Board		
	Principal	Interest	Total
2012	\$ 89,248	\$ -	\$ 89,248
2013	89,248	-	89,248
2014	89,248	-	89,248
2015	88,297	-	88,297
Totals	<u>\$ 356,041</u>	<u>\$ -</u>	<u>\$ 356,041</u>

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 8: Long-term liabilities (continued)**

**g. Governmental long-term debt amortization (continued)**

Fiscal year ending June 30,	2005 Revenue Bonds Series A		
	Principal	Interest	Total
2012	\$ 345,000	\$ 603,767	\$ 948,767
2013	360,000	588,487	948,487
2014	375,000	572,287	947,287
2015	395,000	554,663	949,663
2016	410,000	535,703	945,703
2017-2021	2,390,000	2,346,798	4,736,798
2022-2026	3,095,000	1,634,092	4,729,092
2027-2031	4,045,000	685,350	4,730,350
Totals	<u>\$ 11,415,000</u>	<u>\$ 7,521,147</u>	<u>\$ 18,936,147</u>

Fiscal year ending June 30,	2007 Revenue Bonds		
	Principal	Interest	Total
2012	\$ 615,000	\$ 2,824,356	\$ 3,439,356
2013	640,000	2,799,756	3,439,756
2014	670,000	2,767,756	3,437,756
2015	700,000	2,740,956	3,440,956
2016	735,000	2,705,956	3,440,956
2017-2021	4,215,000	12,979,956	17,194,956
2022-2026	5,270,000	11,928,581	17,198,581
2027-2031	6,790,000	10,403,150	17,193,150
2032-2036	8,705,000	8,488,250	17,193,250
2037-2041	11,105,000	6,083,750	17,188,750
2042-2046	14,180,000	3,015,000	17,195,000
2047	3,275,000	163,750	3,438,750
Totals	<u>\$ 56,900,000</u>	<u>\$ 66,901,217</u>	<u>\$ 123,801,217</u>

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 8: Long-term liabilities (continued)**

**g. Governmental long-term debt amortization (continued)**

Fiscal year ending June 30,	2006 Series A Tax Allocation Bonds		
	Principal	Interest	Total
2012	\$ 455,000	\$ 1,977,798	\$ 2,432,798
2013	560,000	1,956,185	2,516,185
2014	680,000	1,929,025	2,609,025
2015	800,000	1,895,025	2,695,025
2016	935,000	1,855,025	2,790,025
2017-2021	6,715,000	8,432,944	15,147,944
2022-2026	10,810,000	6,286,886	17,096,886
2027-2031	16,535,000	2,808,706	19,343,706
Totals	<u>\$ 37,490,000</u>	<u>\$ 27,141,594</u>	<u>\$ 64,631,594</u>

Fiscal year ending June 30,	2006 Tax Allocation Bond Anticipation Notes		
	Principal	Interest	Total
2012	\$ -	\$ 41,595	\$ 41,595
2013	885,000	41,595	926,595
Totals	<u>\$ 885,000</u>	<u>\$ 83,190</u>	<u>\$ 968,190</u>

Fiscal year ending June 30,	2010 Water Revenue Refunding Bonds Series 2010		
	Principal	Interest	Total
2012	\$ 235,000	\$ 332,225	\$ 567,225
2013	245,000	325,175	570,175
2014	250,000	317,825	567,825
2015	260,000	310,325	570,325
2016	265,000	303,175	568,175
2017-2021	1,470,000	1,378,912	2,848,912
2022-2026	1,805,000	1,040,550	2,845,550
2027-2031	2,310,000	535,888	2,845,888
2032	540,000	29,700	569,700
Totals	<u>\$ 7,380,000</u>	<u>\$ 4,573,775</u>	<u>\$ 11,953,775</u>

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 8: Long-term liabilities (continued)**

**g. Governmental long-term debt amortization (continued)**

The schedule of annual requirements to amortize business-type long-term debt outstanding as of June 30, 2011, including interest are as follows:

Fiscal year ending June 30,	Loan payable - State Water Resource Control Board		
	Principal	Interest	Total
2012	\$ 4,697	\$ -	\$ 4,697
2013	4,697	-	4,697
2014	4,697	-	4,697
2015	4,661	-	4,661
Totals	<u>\$ 18,752</u>	<u>\$ -</u>	<u>\$ 18,752</u>

**h. Defeased debt**

As of June 30, 2011, all debt defeased has been paid in full. There are no outstanding debt balances.

**i. Deferred debt issuance costs**

Bond issuance costs are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

**Note 9: Defined benefit pension plan**

*Plan description*

The City of Fillmore contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 9: Defined benefit pension plan (continued)**

*Funding policy*

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. For the fiscal year ended June 30, 2011, the amount contributed by the City on behalf of the employees was \$117,206. The City is required to contribute at an actuarially determined rate calculated as a percentage of covered payroll. The employer contribution rate for the fiscal year ended June 30, 2011 was 40.830% for safety employees and 14.756% for miscellaneous employees. Separately funded plans have been established for each employee group. Benefit provisions and all other requirements are established by state statute and City contract with employee bargaining groups, and the employer contribution rate is established and may be amended by PERS. The City's contribution to PERS for the fiscal year ending June 30, 2011, 2010, and 2009 were \$119,829, \$124,007, and \$112,376, respectively for safety employees; and \$297,009, \$303,909, and \$303,341, respectively for miscellaneous employees, and equal 100% of the required contribution for each fiscal year.

**Note 10: Other post employment benefits**

*Plan description*

The City provides a medical plan coverage for retirees. This coverage is available for employees who satisfy the requirements for retirement under the California Public Employees Retirement System (PERS), which is age 55 or older with at least ten years of State or public agency service. The healthcare coverage provided by the City meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

Medical plan benefits are provided through the Association of California Water Agencies (ACWA).

*Funding policy*

The contribution requirements of the City are established and may be amended by the City Council. The required contribution is based on pay-as-you-go financing requirements. For fiscal year 2010-11, the City contributed \$8,700 to the plan.

*Annual OPEB cost and net OPEB obligation*

The City's annual other OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially in accordance with GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	June 30, 2011
Annual required contribution	\$ 212,832
Interest on net OPEB obligation	17,012
Adjustment to annual required contribution	(15,434)
Annual OPEB cost (expense)	214,410
Contributions made	(8,700)
Increase in net OPEB obligation	205,710
Net OPEB obligation – beginning of year	340,233
Net OPEB obligation – end of year	\$ 545,943

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 10: Other post employment benefits (continued)**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years were as follows:

Fiscal year ended	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
June 30, 2009	\$ 176,053	4.25%	\$ 168,562
June 30, 2010	178,748	3.96%	340,233
June 30, 2011	214,410	4.06%	545,943

*Funded status and progress*

The funded status of the plan as of July 1, 2007 (the most recent valuation) was as follows:

Actuarial accrued liability (AAL)	\$ 1,846,479
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,846,479</u>
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	\$ 2,651,213
UAAL as a percentage of covered payroll	69.65%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

*Actuarial methods and assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included 5.0% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10.5% initially, reduced by increments of .50% per year to an ultimate rate of 5.0% after the ninth year.

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 11: Risk management**

*Description of self-insurance pool pursuant to joint powers agreement*

City of Fillmore is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

*General liability*

Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member's primary deposit; costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000. Losses from \$750,000 to \$5,000,000 and the associated loss development reserves are pooled based on payroll. Costs of covered claims from \$5,000,000 to \$50,000,000 are currently paid by excess insurance. Costs of covered claims for subsidence losses from \$15,000,000 to \$25,000,000 are paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid from the Authority's investment earnings.

*Workers' compensation*

City of Fillmore also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Each member has a retention level of \$50,000 for each loss and this is charged directly to the member's primary deposit. Losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000. Losses from \$100,000 to \$2,000,000 and employer's liability losses from \$5,000,000 to \$10,000,000 and loss development reserves associated with those losses are pooled based on payroll. Losses from \$2,000,000 to \$5,000,000 are pooled with California State Association of Counties - Excess Insurance Authority members. Costs from \$2,000,000 to \$300,000,000 are transferred to reinsurance carriers. Costs in excess of \$300,000,000 are pooled among the Members based on payroll. Protection is provided per statutory liability under California Workers' Compensation law. Administrative expenses are paid from the Authority's investment earnings.

*Adequacy of protection*

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

Information regarding claims incurred, but not reported, is not available and management believes that the total amount would not be material.

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 12: Deferred compensation plan and trust**

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

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the employees. Accordingly, the plan/trust assets have been excluded from the City's reported assets.

**Note 13: Contingencies and commitments**

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

The City is involved in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that potential claims against the City, not covered by insurance, will not have a material adverse effect on the financial statements of the City.

Proposition 218, which was approved by the voters in November 1996, will regulate the City's ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future by the voters. Therefore, the City's ability to finance the services for which the taxes, assessments, and fees were imposed may be significantly impaired. At this time, it is uncertain how Proposition 218 will affect the City's ability to maintain or increase the revenue it receives from taxes, assessments, and fees.

**Note 14: Special assessment district debt with no City commitment**

Special Assessment Districts in various parts of the City have issued debt to finance infrastructure improvements and facilities within their boundaries. The City is the collecting and paying agent for the debt issued by these Districts, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not included as debt of the City. The outstanding balance of each of these issues as of June 30, 2011 is as follows:

Description	Issue year	Fiscal year	
		Maturity Year	June 30, 2011
North Fillmore Industrial Park CFD #1	2006	2028	\$ 2,180,000
Balden Towne Plaza Improvements CFD #2	2005	2021	595,000
River Oaks CFD #3	2006	2036	<u>2,695,000</u>
Totals			<u>\$ 5,470,000</u>

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 15: Supplemental Education Revenue Augmentation Fund**

On July 24, 2009, the State Legislature passed Assembly Bill (AB)X4-26, which requires redevelopment agencies statewide to deposit a total of \$2.05 billion of property tax increment in county "Supplemental" Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State's Proposition 98 obligations to schools. The SERAF revenue shift of \$2.05 billion will be made over two years, \$1.7 billion in fiscal year 2009-2010 and \$350 million in fiscal year 2010-2011. The SERAF would then be paid to school districts and the county offices of education which has students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment agency, thereby relieving the State of payments to those schools. The Agency's share of this revenue shift was \$2,384,857 for fiscal year 2009-2010 and \$490,000 for fiscal year 2010-2011. Payments are to be made by May 10 of each respective fiscal year. In response to ABX4-26, the Agency funded both SERAF payments with the Low/Mod Housing Fund. The loans are due back to the Low/Mod Housing Fund 5 years from the date of the initial payment.

The California Redevelopment Association (CRA) is the lead petitioner on a lawsuit to invalidate ABX4-26, similar to last year's successful lawsuit challenging the constitutionality of AB 1389. CRA filed the lawsuit on October 20, 2009. The lawsuit asserted that the transfer of property tax increment to the SERAF is not permitted under Article XVI, Section 16 of the California Constitution. The complaint also asserted impairment of contract and gift of public funds arguments. While the State made adjustments in ABX4-26 to address the constitutional issues raised by the Superior Court over last year's lawsuit challenging AB 1389, the Agency, along with the CRA and other California redevelopment agencies, believe that the SERAF remains unconstitutional.

**Note 16: Recent changes in legislation affecting California Redevelopment Agencies**

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend (effective July 1, 2011) nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each agency would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the agency "may use any available funds not otherwise obligated for other uses" to make this payment. The Agency intends to use available monies of its redevelopment agency for this purpose. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 16: Recent changes in legislation affecting California Redevelopment Agencies (continued)**

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties, and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that they violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012." A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule ("EOPS") by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule ("ROPS") by September 30, 2011.

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in ABX1 26.

On August 23, 2011, Agency Resolution 11-252 was adopted, indicating that the Agency will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the agency is estimated to be \$1.91 million with one half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated \$.46 million will be due annually. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any new debt is incurred. Assembly Bill X1 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low and moderate income housing fund so, as to permit the Agency to assemble sufficient funds to make its initial payments.

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that fiscal year are dependent upon the outcome of litigation surrounding the actions of the state.

On December 29, 2011, the Supreme Court upheld AB X1 26 to abolish redevelopment agencies and ABX1 27 to be unconstitutional. With this determination, effective February 1, 2012, all redevelopment agencies within the state will be eliminated. The City of Fillmore will assume the position of Successor Agency for the Redevelopment Agency as of February 1, 2012. The City has also elected to assume control of the Low/Mod housing functions of the former redevelopment agency. An oversight board will be appointed to oversee the expeditious wind down of the affairs of the former redevelopment agency by the Successor Agency. The financial ramifications of this change are not known at this time.

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 17: Equity reclassifications and adjustments**

**a. Change in reporting entity**

During the current fiscal year, the City of Fillmore elected to remove the Fillmore Public Finance Authority (PFA) from its annual financial report. As a result, the portion of the outstanding debt for which the Water and Sewer enterprises are liable, but has previously been accounted for by the PFA (due to advances made to the enterprise funds), has been removed from the PFA Debt Service Fund as a beginning equity reclassification on the governmental funds financial statements. The resulting effect of this reclassification is a change in long-term liabilities between governmental and business-type activities on the statement of net assets, with no change in the net assets of the City. The schedule shown below outlines the effects of this change in reporting entity on the fund balances of governmental funds as well as on net assets of the City. Refer back to Note 8 to see the effects of the reclassification on the City's long-term liabilities.

**b. Redevelopment Agency reclassifications**

During the current fiscal year, the Redevelopment Agency reclassified to debt service several funds which were reported as projects funds. The effect of the reclassification is presented in the schedule below.

**c. Prior period adjustments**

The beginning fund balances/net assets of the General Fund and Redevelopment Agency Special Revenue Fund for the current fiscal year were restated for various errors and misstatements from prior year(s) as shown below:

	<u>General</u>	<u>Debt Service Funds</u>	
		<u>Redevelopment Agency</u>	<u>Public Financing Authority</u>
Fund balances (deficit), beginning as previously reported	\$ 3,094,790	\$ (5,634,337)	\$ 76,273,404
Changes in fund equity	c. <u>59,522</u>	b. <u>1,377,388</u>	a. <u>(75,950,000)</u>
Fund balances, beginning of year, restated	<u>\$ 3,154,312</u>	<u>\$ (4,256,949)</u>	<u>\$ 323,404</u>
	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	
	<u>Redevelopment Agency</u>	<u>Redevelopment Agency</u>	
Fund balances (deficit), beginning as previously reported	\$ 3,077,176	\$ (305,011)	
Changes in fund equity	c. <u>(414,319)</u>	b. <u>(1,377,388)</u>	
Fund balances, beginning of year, restated	<u>\$ 2,662,857</u>	<u>\$ (1,682,399)</u>	

**CITY OF FILLMORE**  
**Notes to the Basic Financial Statements**  
**June 30, 2011**

**Note 17: Equity reclassifications and adjustments (continued)**

Notes:

a. See a. above

b. See b. above

c. General Fund:

Prior year understatement of deferred revenue	\$ (83,991)
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Prior year overstatement of payroll liabilities	143,513
	143,513

Total	\$ 59,522
	59,522

Redevelopment Agency

Special Revenue Fund:

Land conveyed in prior year	\$ (525,000)
-----------------------------	--------------

Condo purchased in prior year	110,681
	110,681

Total	\$ (414,319)
	(414,319)

Fund financial statements

Fund balances, beginning of year	\$ 81,506,146
----------------------------------	---------------

Public Financing Authority Debt Service Fund	(75,950,000)
---	--------------

Redevelopment Agency Debt Service Fund	1,377,388
---	-----------

Redevelopment Agency Capital Projects Fund	(1,377,388)
---	-------------

Net prior period adjustments	(354,797)
	(354,797)

Fund balances, beginning of year restated	\$ 5,201,349
	5,201,349

Governmental activities

Beginning net assets	\$ 25,563,546
----------------------	---------------

Net prior period adjustments	(354,797)
	(354,797)

Beginning net assets, restated	\$ 25,208,749
	25,208,749

**REQUIRED SUPPLEMENTARY INFORMATION**

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**Required Supplementary Information**  
**CITY OF FILLMORE**  
**Budgetary Comparison Schedule - General Fund**  
**For the fiscal year ended June 30, 2011**

	Budgeted amounts		Actual	Variance with final budget
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 2,774,500	\$ 2,831,301	\$ 2,864,933	\$ 33,632
Licenses and permits	180,300	145,300	139,932	(5,368)
Fines and forfeitures	100,300	100,300	92,969	(7,331)
Investment income	27,360	42,360	38,304	(4,056)
Intergovernmental	561,200	336,710	297,038	(39,672)
Charges for services	320,800	524,828	406,510	(118,318)
Other	53,000	94,245	71,761	(22,484)
Total revenues	<u>4,017,460</u>	<u>4,075,044</u>	<u>3,911,447</u>	<u>(163,597)</u>
<b>Expenditures</b>				
Current:				
General government:				
City council	24,600	24,600	9,358	15,242
City clerk	66,489	66,789	41,579	25,210
City attorney	380,000	380,000	379,611	389
City manager	148,880	168,342	152,939	15,403
Central support	313,858	338,358	353,211	(14,853)
Risk management	430,668	391,019	379,014	12,005
Facilities management	307,703	307,704	229,099	78,605
Nondepartmental-other	-	-	71,201	(71,201)
Total general government	<u>1,672,198</u>	<u>1,676,812</u>	<u>1,616,012</u>	<u>60,800</u>
Public safety:				
Sheriff	3,422,465	3,499,048	3,489,514	9,534
Fire	787,103	821,711	753,314	68,397
Animal regulation	57,500	57,500	57,008	492
Building and safety	206,296	206,786	236,481	(29,695)
Total public safety	<u>4,473,364</u>	<u>4,585,045</u>	<u>4,536,317</u>	<u>48,728</u>
Parks and recreation				
Total parks and recreation	<u>501,846</u>	<u>486,846</u>	<u>325,929</u>	<u>160,917</u>
Public works:				
Central garage	145,645	145,645	125,897	19,748
City engineering	111,505	111,505	78,022	33,483
Total public works	<u>257,150</u>	<u>257,150</u>	<u>203,919</u>	<u>53,231</u>
Community development:				
Community promotion	25,768	25,918	9,095	16,823
Planning	82,519	85,519	75,038	10,481
Total community development	<u>108,287</u>	<u>111,437</u>	<u>84,133</u>	<u>27,304</u>
Economic development:				
Economic development	200,370	-	-	-
Total community development	<u>200,370</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay				
Total expenditures	<u>7,213,215</u>	<u>7,117,290</u>	<u>6,816,239</u>	<u>301,051</u>
Excess (deficiency) of revenues over (under) expenditures				
	<u>(3,195,755)</u>	<u>(3,042,246)</u>	<u>(2,904,792)</u>	<u>137,454</u>
<b>Other financing sources (uses)</b>				
Transfers in	4,096,467	2,251,836	1,833,734	(418,102)
Transfers out	(70,000)	(187,173)	(87,173)	100,000
Total other financing sources (uses)	<u>4,026,467</u>	<u>2,064,663</u>	<u>1,746,561</u>	<u>(318,102)</u>
Net change in fund balance	<u>830,712</u>	<u>(977,583)</u>	<u>(1,158,231)</u>	<u>(180,648)</u>
Fund balance, beginning of year, restated				
	<u>3,094,790</u>	<u>3,094,790</u>	<u>3,154,312</u>	<u>59,522</u>
Fund balance, end of year				
	<u>\$ 3,925,502</u>	<u>\$ 2,117,207</u>	<u>\$ 1,996,081</u>	<u>\$ (121,126)</u>

**Required Supplementary Information  
CITY OF FILLMORE  
Budgetary Comparison Schedule – Major Fund  
Redevelopment Agency Special Revenue Fund  
For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Taxes	\$ 1,236,000	\$ 1,269,894	\$ 33,894
Investment income	3,600	12,547	8,947
Other	-	14,125	14,125
	<u>1,239,600</u>	<u>1,296,566</u>	<u>56,966</u>
<b>Total revenues</b>			
	<u>1,239,600</u>	<u>1,296,566</u>	<u>56,966</u>
<b>Expenditures</b>			
Current:			
Community development	759,542	695,605	63,937
Supplemental ERAF	491,000	491,000	-
	<u>1,250,542</u>	<u>1,186,605</u>	<u>63,937</u>
<b>Total expenditures</b>			
	<u>1,250,542</u>	<u>1,186,605</u>	<u>63,937</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,942)</u>	<u>109,961</u>	<u>120,903</u>
<b>Other financing sources (uses)</b>			
Transfers out	(266,002)	(247,976)	18,026
Total other financing sources (uses)	<u>(266,002)</u>	<u>(247,976)</u>	<u>18,026</u>
Net change in fund balance	<u>(276,944)</u>	<u>(138,015)</u>	<u>138,929</u>
Fund balance, beginning of year, restated	<u>3,077,176</u>	<u>2,662,857</u>	<u>(414,319)</u>
Fund balance, end of year	<u>\$ 2,800,232</u>	<u>\$ 2,524,842</u>	<u>\$ (275,390)</u>

**Required Supplementary Information  
CITY OF FILLMORE  
Other Postemployment Benefits Plan  
Schedule of Funding Progress**

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll [(b-a)/c]
7/1/2008	\$ -	\$ 1,699,465	\$ 1,699,465	0.00%	\$ 2,477,896	68.59%
7/1/2010	-	1,846,479	1,846,479	0.00%	2,881,979	64.07%

**CITY OF FILLMORE**  
**Notes to Required Supplementary Information**  
**For the fiscal year ended June 30, 2011**

**Note 1: Budgets and Budgetary Data**

*General Budget Policies*

The City Council has the responsibility for adoption of the City's budget. Budgets are adopted for governmental funds. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during each fiscal year. The City Manager is authorized to transfer funds from one major expenditure category to another within the same department and fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts entered into by the City are subject to annual review by the City Council; hence, they legally are one year contracts with an option for renewal for another fiscal year.

Budgeted revenue and expenditure amounts represent the City's originally-adopted legal budget adjusted for unanticipated revenues and appropriations during the course of the fiscal year. Budget amounts, as adjusted, reported for the governmental funds of the City are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

*Excess Expenditures over Appropriations*

Excess of expenditures over appropriations in departments/cost centers of major funds are as follows:

Fund	Final budget	Expenditures	Excess
General Fund			
General government:			
Central support	\$ 338,358	\$ 353,211	\$ (14,853)
Nondepartmental	-	71,201	(71,201)
Public safety:			
Building and safety	206,786	236,481	(29,695)
Capital outlay	-	49,929	(49,929)
Redevelopment Agency			
Debt Service Fund (Page 68)	4,787,462	4,798,244	(10,782)

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance – Budget and Actual**  
**Redevelopment Agency Debt Service Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Taxes	\$ 4,950,000	\$ 5,079,573	\$ 129,573
Investment income	37,500	7,233	(30,267)
<b>Total revenues</b>	<b>4,987,500</b>	<b>5,086,806</b>	<b>99,306</b>
<b>Expenditures</b>			
Current:			
Community development	64,681	85,338	(20,657)
Pass through payments	1,360,970	1,360,970	-
Debt Service:			
Principal	685,000	685,000	-
Interest and fiscal charges	2,676,811	2,666,936	9,875
<b>Total expenditures</b>	<b>4,787,462</b>	<b>4,798,244</b>	<b>(10,782)</b>
Excess (deficiency) of revenues over (under) expenditures	200,038	288,562	88,524
<b>Other financing sources (uses)</b>			
Transfers in	-	233,408	233,408
Transfers out	(1,083,847)	(1,077,847)	6,000
Prior year debt proceeds	-	11,260,000	11,260,000
<b>Total other financing sources (uses)</b>	<b>(1,083,847)</b>	<b>10,415,561</b>	<b>11,499,408</b>
<b>Net change in fund balance</b>	<b>(883,809)</b>	<b>10,704,123</b>	<b>11,587,932</b>
Fund balances, beginning of year restated	(5,634,337)	(4,256,949)	1,377,388
<b>Fund balance (deficit), end of year</b>	<b>\$ (6,518,146)</b>	<b>\$ 6,447,174</b>	<b>\$ 12,965,320</b>

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance – Budget and Actual**  
**Redevelopment Agency Capital Projects Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Investment income	\$ 5,500	\$ 4,986	\$ (514)
Other	62,750	110,434	47,684
Total revenues	<u>68,250</u>	<u>115,420</u>	<u>47,170</u>
<b>Expenditures</b>			
Current:			
Community development	901,489	650,052	251,437
Total expenditures	<u>901,489</u>	<u>650,052</u>	<u>251,437</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(833,239)</u>	<u>(534,632)</u>	<u>298,607</u>
<b>Other financing sources (uses)</b>			
Transfers in	2,298,406	1,632,202	(666,204)
Transfers out	(982,691)	(758,590)	224,101
Total other financing sources (uses)	<u>1,315,715</u>	<u>873,612</u>	<u>(442,103)</u>
Net change in fund balance	<u>482,476</u>	<u>338,980</u>	<u>(143,496)</u>
Fund balance, beginning of year, restated	<u>(305,011)</u>	<u>(1,682,399)</u>	<u>(1,377,388)</u>
Fund balance, end of year	<u>\$ 177,465</u>	<u>\$ (1,343,419)</u>	<u>\$ (1,520,884)</u>

## **COMBINING NONMAJOR FUNDS**

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**Nonmajor Governmental Funds  
Fund Descriptions  
Debt Service and Special Revenue Funds**

**Debt Service Funds** are used to account for debt service payments on long-term debt issues.

**Fillmore Public Financing Authority Debt Service Fund** - to account for debt service payment on various long-term debt issues. This fund is being removed from the annual financial report.

**Special Revenue Funds** are used to account for specific revenues (other than those for major capital projects) that are restricted legally to expenditures for particular purposes.

**Gas Tax Fund** - to account for the construction and maintenance of the road network system of the City. Financing is provided by the City's share of state gasoline taxes, which are required by state law to be used to maintain streets.

**Local Transportation Fund** - to account for Article 3 and Article 8 funds received pursuant to the State of California, Transportation Development Act. These funds are restricted for the improvement and maintenance of street systems, and State allocations for street and mass transit improvements.

**Lighting/Landscape Assessment District Fund** - to account for street lighting and landscaping services which is financed primarily through property tax assessments levied specifically for this purpose.

**Storm Drain Assessment District Fund** - to account for storm drain repairs and maintenance which is financed primarily through property tax assessments levied specifically for this purpose.

**Community Development Block Grant (CDBG) Fund** - to account for the receipt and expenditure of CDBG funds allocated to the City by the U.S. Department of Housing and Urban Development.

**Public Transit Fund** - to account for the portion of the local transportation funds allocated for public transit. The City contracts out its public transit.

**Bike Path Maintenance Fund** - to account for grants received and used to maintain the City's bikepaths.

**Solid Waste Source Reduction Fund** - to account for Source Reduction Fees collected per water meter and used to reduce the waste stream per AB 939.

**Swimming Pool Maintenance Fund** - to account for assessments/taxes collected to be used for maintenance of the local Swimming Pool.

**Recreation Fund** - to account for rental fees and recreation program fees and related expenditures.

**DIF Public Facility Fund** - to account for Developer Impact Fees to be used for future public facility expenditures.

**DIF Transportation Improvement Fund** - to account for Developer Impact Fees to be used for future transportation improvements.

**DIF Parkland Fund** - to account for Developer Impact Fees to be used for future acquisition and maintenance of the City's park.

**DIF Sewer Improvement Fund** - to account for Developer Impact fees to be used for future sewer utility improvements.

**DIF Water Improvement Fund** - to account for Developer Impact Fees to be used for future improvements to the City's Water Operating System.

**Nonmajor Governmental Funds  
Fund Descriptions  
Special Revenue Funds  
(Continued)**

**DIF Storm Drain Improvement Fund** - to account for Developer Impact Fees to be used for future improvements to the City's storm drains.

**Storm Water NPDES Fund** - to account for property tax assessments levied for the purpose of controlling storm water pollution.

**Nonmajor Governmental Funds  
Fund Descriptions  
Capital Projects Funds**

**Capital Projects Funds** are used to account for resources used for the acquisition and construction of capital facilities by the City, except those financed by proprietary funds.

**Intermodal Transportation Center Fund** - to account for grant funds and transfers from the RDA to enhance the VISTA transit service in the City.

**Heritage Valley Tourism Fund** - to account for funds for capital projects for Heritage Valley.

**Sespe Creek Bike Path Fund** - to account for grant funds used in the extension of the paved Sespe Creek Bikepath as well as landscaping and construction of a wood fence.

**Signals Fund** - the purpose of this fund is to use grants and other funds to construct and maintain the City's traffic signals.

**Miscellaneous Capital Projects Fund** - to account for funds used for various capital projects within the City.

**Street Projects Fund** - to account for maintenance expenditures on the City's streets funded by TDA and RDA funds.

**Central Avenue Improvements Fund** - to account for maintenance expenditures on the Central Avenue.

**Corporate Yard/Fire Station Project Fund** - to account for the purchase of land and construction of the new City public yard and fire station. RDA bond proceeds are funding the construction.

**Vehicle Replacement Fund** - reserve funds set aside to replace fleet vehicles whose useful life has expired.

**Depot Restoration Fund** - to restore the historic Fillmore Railroad Depot. Funds used are grants from the Federal Transportation Enhancement Activities Grant program.

**Well #9 Fund** - to account for the development including drilling of domestic water well #9.

**Parking Lot Fund** - to account for the construction of a city owned parking lot.

**Pool Underground and Design Fund** - to account for the construction of additional community pool improvements.

**Storm Drain Weir River Fund** - to account for the related costs for a storm drain connection to the Weir River.

**Pole Creek Fund** - to account for the cost of improvements to the Pole Creek Bike Path.

**BTA Bike Path Fund** - to account for bike path construction.

**Business Park Infrastructure Fund** - to account for costs related to the development and construction of business park infrastructure assets.

**Sidewalk Repair Fund** - to account for repair of sidewalks.

**A Street Water Line Fund** - to account for construction of a water line on A Street.

**CITY OF FILLMORE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2011**

	DEBT SERVICE FUND	SPECIAL REVENUE FUNDS	
	Public Financing Authority	Gas Tax	Local Transportation
<b>Assets</b>			
Cash and investments	\$ -	\$ -	\$ 81
Receivables:			
Intergovernmental	-	49,647	-
Accounts	-	-	-
Interest	-	-	17
Due from other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ 49,647</u>	<u>\$ 98</u>
<b>Liabilities and fund balances</b>			
Liabilities:			
Accounts payable	\$ -	\$ 16,116	\$ -
Accrued liabilities	-	7,176	-
Due to other funds	-	127,233	-
Deferred revenue	-	-	-
Deposits payable	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>150,525</u>	<u>-</u>
Fund balances:			
Fund balances (deficit):			
Restricted for:			
Community development	-	-	-
Public works	-	-	98
Parks and recreation	-	-	-
Assigned	-	-	-
Unassigned	-	(100,878)	-
	<u>-</u>	<u>(100,878)</u>	<u>-</u>
Total fund balances (deficit)	<u>-</u>	<u>(100,878)</u>	<u>98</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 49,647</u>	<u>\$ 98</u>

SPECIAL REVENUE FUNDS

Lighting/ Landscape Assessment District	Storm Drain Assessment District	Community Development Block Grant	Public Transit	Bike Path Maintenance
\$ 361,849	\$ 1,067,670	\$ 9,316	\$ -	\$ 15,315
6,318	1,914	80,060	-	-
-	-	-	-	-
525	831	-	-	12
-	-	-	-	-
<u>\$ 368,692</u>	<u>\$ 1,070,415</u>	<u>\$ 89,376</u>	<u>\$ -</u>	<u>\$ 15,327</u>
\$ 17,219	\$ -	\$ -	\$ -	\$ 410
-	-	-	-	-
-	-	-	-	-
-	-	80,060	-	-
-	-	-	-	-
<u>17,219</u>	<u>-</u>	<u>80,060</u>	<u>-</u>	<u>410</u>
-	-	9,316	-	-
351,473	1,070,415	-	-	14,917
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>351,473</u>	<u>1,070,415</u>	<u>9,316</u>	<u>-</u>	<u>14,917</u>
<u>\$ 368,692</u>	<u>\$ 1,070,415</u>	<u>\$ 89,376</u>	<u>\$ -</u>	<u>\$ 15,327</u>

**CITY OF FILLMORE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2011**

	SPECIAL REVENUE FUNDS	
	Solid Waste Source Reduction	Swimming Pool Maintenance
<b>Assets</b>		
Cash and investments	\$ 53,907	\$ -
Receivables:		
Intergovernmental	-	1,593
Accounts	32,658	988
Interest	41	-
Due from other funds	-	-
 Total assets	\$ 86,606	\$ 2,581
 <b>Liabilities and fund balances</b>		
Liabilities:		
Accounts payable	\$ 7,309	\$ 10,604
Accrued liabilities	3,106	7,564
Due to other funds	-	138,819
Deferred revenue	-	-
Deposits payable	-	200
 Total liabilities	10,415	157,187
 Fund balances:		
Fund balances (deficit):		
Restricted for:		
Community development	-	-
Public works	76,191	-
Parks and recreation	-	-
Assigned	-	-
Unassigned	-	(154,606)
 Total fund balances (deficit)	76,191	(154,606)
 Total liabilities and fund balances	\$ 86,606	\$ 2,581

SPECIAL REVENUE FUNDS

Recreation	DIF Public Facility	DIF Transportation Improvement	DIF Parkland
\$ -	\$ 96,099	\$ 58,075	\$ 154,972
-	-	-	-
3,325	-	-	-
-	74	45	131
-	-	-	-
\$ 3,325	\$ 96,173	\$ 58,120	\$ 155,103
\$ 4,855	\$ -	\$ -	\$ -
3,011	-	-	-
43,389	-	-	-
-	-	-	-
1,725	-	47,300	-
52,980	-	47,300	-
-	96,173	-	-
-	-	10,820	-
-	-	-	155,103
-	-	-	-
(49,655)	-	-	-
(49,655)	96,173	10,820	155,103
\$ 3,325	\$ 96,173	\$ 58,120	\$ 155,103

**CITY OF FILLMORE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2011**

	SPECIAL REVENUE FUNDS		
	DIF Sewer Improvement	DIF Water Improvement	DIF Storm Drain Improvement
<b>Assets</b>			
Cash and investments	\$ 106,831	\$ 67,547	\$ 138,828
Receivables:			
Intergovernmental	-	-	-
Accounts	-	-	-
Interest	162	54	110
Due from other funds	-	-	-
	-	-	-
 Total assets	\$ 106,993	\$ 67,601	\$ 138,938
 <b>Liabilities and fund balances</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	750,000	-
Deferred revenue	-	-	-
Deposits payable	-	-	-
	-	-	-
 Total liabilities	-	750,000	-
 Fund balances:			
Fund balances (deficit):			
Restricted for:			
Community development	-	-	-
Public works	106,993	-	138,938
Parks and recreation	-	-	-
Assigned	-	-	-
Unassigned	-	(682,399)	-
	-	(682,399)	-
 Total fund balances (deficit)	106,993	(682,399)	138,938
 Total liabilities and fund balances	\$ 106,993	\$ 67,601	\$ 138,938

SPECIAL REVENUE FUND	CAPITAL PROJECTS FUNDS			
Storm Water NPDES	Intermodal Transportation Center	Heritage Valley Tourism	Sespe Creek Bikepath	Signals
\$ 35,726	\$ -	\$ -	\$ 45,127	\$ -
-	-	-	-	-
6,613	-	-	-	-
26	-	-	-	-
-	-	-	-	-
<u>\$ 42,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,127</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
253	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>253</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
42,112	-	-	45,127	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>42,112</u>	<u>-</u>	<u>-</u>	<u>45,127</u>	<u>-</u>
<u>\$ 42,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,127</u>	<u>\$ -</u>

**CITY OF FILLMORE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2011**

	CAPITAL PROJECTS FUNDS		
	Miscellaneous Capital Projects	Street Projects	Central Avenue Improvements
<b>Assets</b>			
Cash and investments	\$ 668,311	\$ 241,049	\$ -
Receivables:			
Intergovernmental	-	-	-
Accounts	-	18,723	-
Interest	-	-	-
Due from other funds	87,299	-	-
 Total assets	\$ 755,610	\$ 259,772	\$ -
<b>Liabilities and fund balances</b>			
Liabilities:			
Accounts payable	\$ 54,329	\$ 5,174	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
Deposits payable	-	-	-
 Total liabilities	54,329	5,174	-
Fund balances:			
Fund balances (deficit):			
Restricted for:			
Community development	-	-	-
Public works	-	254,598	-
Parks and recreation	-	-	-
Assigned	701,281	-	-
Unassigned	-	-	-
 Total fund balances (deficit)	701,281	254,598	-
 Total liabilities and fund balances	\$ 755,610	\$ 259,772	\$ -

CAPITAL PROJECTS FUNDS

Corporate Yard/ Fire Station Project	Vehicle Replacement	Depot Restoration	Well #9	Parking Lot
\$ 501,540	\$ -	\$ -	\$ 127,614	\$ 194,882
-	-	-	-	-
-	-	58,202	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 501,540</u>	<u>\$ -</u>	<u>\$ 58,202</u>	<u>\$ 127,614</u>	<u>\$ 194,882</u>
\$ -	\$ -	\$ -	\$ 11,652	\$ -
-	-	-	-	-
-	19,615	87,299	-	-
-	-	-	-	4,449
-	-	-	-	-
<u>-</u>	<u>19,615</u>	<u>87,299</u>	<u>11,652</u>	<u>4,449</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
501,540	-	-	115,962	190,433
-	(19,615)	(29,097)	-	-
<u>501,540</u>	<u>(19,615)</u>	<u>(29,097)</u>	<u>115,962</u>	<u>190,433</u>
<u>\$ 501,540</u>	<u>\$ -</u>	<u>\$ 58,202</u>	<u>\$ 127,614</u>	<u>\$ 194,882</u>

**CITY OF FILLMORE**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2011**

	CAPITAL PROJECTS FUNDS		
	Pool Underground and Design	Storm Drain - Weir River	Pole Creek
<b>Assets</b>			
Cash and investments	\$ -	\$ 206,000	\$ 7,500
Receivables:			
Intergovernmental	-	-	-
Accounts	-	-	-
Interest	-	-	-
Due from other funds	-	-	-
	-	-	-
Total assets	\$ -	\$ 206,000	\$ 7,500
<b>Liabilities and fund balances</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
Deposits payable	-	-	-
	-	-	-
Total liabilities	-	-	-
Fund balances:			
Fund balances (deficit):			
Restricted for:			
Community development	-	-	-
Public works	-	-	-
Parks and recreation	-	-	-
Assigned	-	206,000	7,500
Unassigned	-	-	-
	-	-	-
Total fund balances (deficit)	-	206,000	7,500
Total liabilities and fund balances	\$ -	\$ 206,000	\$ 7,500

CAPITAL PROJECTS FUNDS

<u>BTA Bike Path</u>	<u>Business Park Infrastructure</u>	<u>Sidewalk Repair</u>	<u>A Street Water Line</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 25,369	\$ 75,927	\$ 147,526	\$ 65,898	\$ 4,472,959
-	-	-	-	139,532
-	-	-	-	120,509
-	-	-	-	2,028
-	-	-	-	87,299
<u>\$ 25,369</u>	<u>\$ 75,927</u>	<u>\$ 147,526</u>	<u>\$ 65,898</u>	<u>\$ 4,822,327</u>
\$ -	\$ -	\$ -	\$ 16,800	\$ 144,468
-	-	-	-	21,110
-	-	-	-	1,166,355
-	-	-	-	84,509
-	-	-	-	49,225
-	-	-	16,800	1,465,667
-	-	-	-	105,489
-	-	-	-	2,111,682
-	-	-	-	155,103
25,369	75,927	147,526	49,098	2,020,636
-	-	-	-	(1,036,250)
<u>25,369</u>	<u>75,927</u>	<u>147,526</u>	<u>49,098</u>	<u>3,356,660</u>
<u>\$ 25,369</u>	<u>\$ 75,927</u>	<u>\$ 147,526</u>	<u>\$ 65,898</u>	<u>\$ 4,822,327</u>

**CITY OF FILLMORE**  
**Combining Statements of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the fiscal year ended June 30, 2011**

	DEBT SERVICE FUND	SPECIAL REVENUE FUNDS	
	Public Financing Authority	Gas Tax	Local Transportation
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Investment income	-	-	537
Intergovernmental	-	401,155	8,871
Charges for services	-	-	-
Other	-	2,620	-
	<u>-</u>	<u>403,775</u>	<u>9,408</u>
Total revenues	-	403,775	9,408
<b>Expenditures</b>			
Current:			
Public works	-	362,223	-
Community development	-	-	-
Transit	-	-	-
Parks and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	210,868	-	-
Interest and fiscal charges	114,334	-	-
	<u>325,202</u>	<u>362,223</u>	<u>-</u>
Total expenditures	325,202	362,223	-
Excess (deficiency) of revenues over (under) expenditures	<u>(325,202)</u>	<u>41,552</u>	<u>9,408</u>
<b>Other financing sources (uses)</b>			
Transfers in	235,206	37,615	52,188
Transfers out	<u>(233,408)</u>	<u>(93,484)</u>	<u>(300,919)</u>
Total other financing sources (uses)	<u>1,798</u>	<u>(55,869)</u>	<u>(248,731)</u>
Net change in fund balances	<u>(323,404)</u>	<u>(14,317)</u>	<u>(239,323)</u>
Fund balances (deficit), beginning of year, restated	<u>323,404</u>	<u>(86,561)</u>	<u>239,421</u>
Fund balances (deficit), end of year	<u>\$ -</u>	<u>\$ (100,878)</u>	<u>\$ 98</u>

SPECIAL REVENUE FUNDS

Lighting/ Landscape Assessment District	Storm Drain Assessment District	Community Development Block Grant	Public Transit	Bike Path Maintenance
\$ -	\$ -	\$ -	\$ -	\$ -
2,680	4,880	-	-	28
-	-	-	389,286	3,068
236,102	209,334	-	-	-
-	-	-	-	-
<u>238,782</u>	<u>214,214</u>	<u>-</u>	<u>389,286</u>	<u>3,096</u>
231,625	3,834	-	-	11,287
-	-	12,681	-	-
-	-	-	389,286	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>231,625</u>	<u>3,834</u>	<u>12,681</u>	<u>389,286</u>	<u>11,287</u>
<u>7,157</u>	<u>210,380</u>	<u>(12,681)</u>	<u>-</u>	<u>(8,191)</u>
27,100	-	-	-	-
<u>(50,000)</u>	<u>(33,300)</u>	<u>-</u>	<u>(209)</u>	<u>-</u>
<u>(22,900)</u>	<u>(33,300)</u>	<u>-</u>	<u>(209)</u>	<u>-</u>
<u>(15,743)</u>	<u>177,080</u>	<u>(12,681)</u>	<u>(209)</u>	<u>(8,191)</u>
<u>367,216</u>	<u>893,335</u>	<u>21,997</u>	<u>209</u>	<u>23,108</u>
<u>\$ 351,473</u>	<u>\$ 1,070,415</u>	<u>\$ 9,316</u>	<u>\$ -</u>	<u>\$ 14,917</u>

**CITY OF FILLMORE**  
**Combining Statements of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the fiscal year ended June 30, 2011**

	SPECIAL REVENUE FUNDS	
	Solid Waste Source Reduction	Swimming Pool Maintenance
<b>Revenues</b>		
Taxes	\$ -	\$ 66,181
Investment income	311	-
Intergovernmental	36,599	-
Charges for services	72,466	24,985
Other	-	355
	<u>109,376</u>	<u>91,521</u>
<b>Expenditures</b>		
Current:		
Public works	89,082	-
Community development	-	-
Transit	-	-
Parks and recreation	-	200,288
Capital outlay	-	-
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
	<u>89,082</u>	<u>200,288</u>
Total expenditures	<u>89,082</u>	<u>200,288</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,294</u>	<u>(108,767)</u>
<b>Other financing sources (uses)</b>		
Transfers in	-	-
Transfers out	(4,000)	-
	<u>(4,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,000)</u>	<u>-</u>
Net change in fund balances	<u>16,294</u>	<u>(108,767)</u>
Fund balances (deficit), beginning of year, restated	<u>59,897</u>	<u>(45,839)</u>
Fund balances (deficit), end of year	<u>\$ 76,191</u>	<u>\$ (154,606)</u>

SPECIAL REVENUE FUNDS

Recreation	DIF Public Facility	DIF Transportation Improvement	DIF Parkland
\$ -	\$ -	\$ -	\$ -
-	578	260	853
-	-	-	-
116,174	140,829	19,465	57,160
-	-	-	-
<u>116,174</u>	<u>141,407</u>	<u>19,725</u>	<u>58,013</u>
-	-	-	-
-	-	-	-
-	-	-	-
139,548	-	-	-
-	-	-	-
-	-	-	-
<u>139,548</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(23,374)</u>	<u>141,407</u>	<u>19,725</u>	<u>58,013</u>
-	-	-	-
-	(85,885)	-	(43,400)
-	(85,885)	-	(43,400)
<u>(23,374)</u>	<u>55,522</u>	<u>19,725</u>	<u>14,613</u>
<u>(26,281)</u>	<u>40,651</u>	<u>(8,905)</u>	<u>140,490</u>
<u>\$ (49,655)</u>	<u>\$ 96,173</u>	<u>\$ 10,820</u>	<u>\$ 155,103</u>

**CITY OF FILLMORE**  
**Combining Statements of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the fiscal year ended June 30, 2011**

	SPECIAL REVENUE FUNDS		
	DIF Sewer Improvement	DIF Water Improvement	DIF Storm Drain Improvement
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Investment income	1,288	-	688
Intergovernmental	-	-	-
Charges for services	19,581	16,144	35,052
Other	-	-	-
	<u>20,869</u>	<u>16,144</u>	<u>35,740</u>
<b>Total revenues</b>			
	<u>20,869</u>	<u>16,144</u>	<u>35,740</u>
<b>Expenditures</b>			
Current:			
Public works	-	-	-
Community development	-	-	-
Transit	-	-	-
Parks and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,869</u>	<u>16,144</u>	<u>35,740</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	(312,248)	(7,000)	(12,000)
	<u>(312,248)</u>	<u>(7,000)</u>	<u>(12,000)</u>
<b>Total other financing sources (uses)</b>			
	<u>(312,248)</u>	<u>(7,000)</u>	<u>(12,000)</u>
<b>Net change in fund balances</b>			
	<u>(291,379)</u>	<u>9,144</u>	<u>23,740</u>
Fund balances (deficit), beginning of year, restated	<u>398,372</u>	<u>(691,543)</u>	<u>115,198</u>
<b>Fund balances (deficit), end of year</b>			
	<u>\$ 106,993</u>	<u>\$ (682,399)</u>	<u>\$ 138,938</u>

SPECIAL REVENUE FUND	CAPITAL PROJECTS FUNDS			
Storm Water NPDES	Intermodal Transportation Center	Heritage Valley Tourism	Sespe Creek Bike Path	Signals
\$ -	\$ -	\$ -	\$ -	\$ -
172	-	-	-	-
-	-	-	-	-
22,940	-	-	-	-
-	-	-	-	-
<u>23,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
28,218	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>28,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(5,106)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7,500	-	-	-	109,127
<u>-</u>	<u>(28,628)</u>	<u>(21,370)</u>	<u>-</u>	<u>-</u>
<u>7,500</u>	<u>(28,628)</u>	<u>(21,370)</u>	<u>-</u>	<u>109,127</u>
<u>2,394</u>	<u>(28,628)</u>	<u>(21,370)</u>	<u>-</u>	<u>109,127</u>
<u>39,718</u>	<u>28,628</u>	<u>21,370</u>	<u>45,127</u>	<u>(109,127)</u>
<u>\$ 42,112</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,127</u>	<u>\$ -</u>

**CITY OF FILLMORE**  
**Combining Statements of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the fiscal year ended June 30, 2011**

	<u>CAPITAL PROJECTS FUNDS</u>		
	<u>Miscellaneous Capital Projects</u>	<u>Street Projects</u>	<u>Central Avenue Improvements</u>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Investment income	-	-	-
Intergovernmental	-	356,033	-
Charges for services	210	-	-
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	<u>210</u>	<u>356,033</u>	<u>-</u>
<b>Expenditures</b>			
Current:			
Public works	-	-	-
Community development	-	-	-
Transit	-	-	-
Parks and recreation	-	-	-
Capital outlay	7,037	366,662	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	<u>7,037</u>	<u>366,662</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,827)</u>	<u>(10,629)</u>	<u>-</u>
<b>Other financing sources (uses)</b>			
Transfers in	2,200	269,004	-
Transfers out	-	-	(95,266)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	<u>2,200</u>	<u>269,004</u>	<u>(95,266)</u>
Net change in fund balances	<u>(4,627)</u>	<u>258,375</u>	<u>(95,266)</u>
Fund balances (deficit), beginning of year, restated	<u>705,908</u>	<u>(3,777)</u>	<u>95,266</u>
Fund balances (deficit), end of year	<u><u>\$ 701,281</u></u>	<u><u>\$ 254,598</u></u>	<u><u>\$ -</u></u>

CAPITAL PROJECTS FUNDS

Corporate Yard/ Fire Station Project	Vehicle Replacement	Depot Restoration	Well #9	Parking Lot
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	571,046	-
-	-	-	-	-
-	-	-	-	-
-	-	-	571,046	-
-	-	-	(571,046)	-
-	-	-	-	-
(15,000)	-	-	-	(5,000)
(15,000)	-	-	-	(5,000)
(15,000)	-	-	(571,046)	(5,000)
516,540	(19,615)	(29,097)	687,008	195,433
\$ 501,540	\$ (19,615)	\$ (29,097)	\$ 115,962	\$ 190,433

**CITY OF FILLMORE**  
**Combining Statements of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the fiscal year ended June 30, 2011**

	<u>CAPITAL PROJECTS FUNDS</u>		
	<u>Pool Underground and Design</u>	<u>Storm Drain - Weir River</u>	<u>Pole Creek</u>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Investment income	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	<hr/> -	<hr/> -	<hr/> -
<b>Expenditures</b>			
Current:			
Public works	-	-	-
Community development	-	-	-
Transit	-	-	-
Parks and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	<hr/> -	<hr/> -	<hr/> -
Excess (deficiency) of revenues over (under) expenditures	<hr/> -	<hr/> -	<hr/> -
<b>Other financing sources (uses)</b>			
Transfers in	77,847	-	7,500
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	<hr/> 77,847	<hr/> -	<hr/> 7,500
Net change in fund balances	<hr/> 77,847	<hr/> -	<hr/> 7,500
Fund balances (deficit), beginning of year, restated	<hr/> (77,847)	<hr/> 206,000	<hr/> -
Fund balances (deficit), end of year	<hr/> <u>\$ -</u>	<hr/> <u>\$ 206,000</u>	<hr/> <u>\$ 7,500</u>

## CAPITAL PROJECTS FUNDS

BTA Bike Path	Business Park Infrastructure	Sidewalk Repair	A Street Water Line	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 66,181
-	-	-	-	12,275
-	-	-	-	1,195,012
-	-	-	-	970,442
-	-	-	-	2,975
-	-	-	-	2,246,885
7,616	-	280	-	734,165
-	-	-	-	12,681
-	-	-	-	389,286
-	-	-	-	339,836
-	328,008	-	59,435	1,332,188
-	-	-	-	210,868
-	-	-	-	114,334
7,616	328,008	280	59,435	3,133,358
(7,616)	(328,008)	(280)	(59,435)	(886,473)
31,500	-	-	-	856,787
-	(596,065)	-	-	(1,937,182)
31,500	(596,065)	-	-	(1,080,395)
23,884	(924,073)	(280)	(59,435)	(1,966,868)
1,485	1,000,000	147,806	108,533	5,323,528
\$ 25,369	\$ 75,927	\$ 147,526	\$ 49,098	\$ 3,356,660

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**CITY OF FILLMORE**  
**Nonmajor Fund Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2011**

Budgetary comparison statements are presented as required supplementary information for the General Fund and all Major Special Revenue Funds as provided for by GASB Statement No. 34. The budgetary comparison schedules for the remaining funds are presented to aid in additional analysis and are not a required part of the basic financial statements.

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Public Financing Authority Debt Service Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Investment income	\$ 446,000	\$ -	\$ (446,000)
Total revenues	446,000	-	(446,000)
<b>Expenditures</b>			
Debt Service:			
Principal	569,911	210,868	359,043
Interest and fiscal charges	1,073,934	114,334	959,600
Total expenditures	1,643,845	325,202	1,318,643
Excess (deficiency) of revenues over (under) expenditures	(1,197,845)	(325,202)	872,643
<b>Other financing sources (uses)</b>			
Transfers in	1,196,235	235,206	(961,029)
Transfers out	-	(233,408)	(233,408)
Total other financing sources (uses)	1,196,235	1,798	(1,194,437)
Net change in fund balance	(1,610)	(323,404)	(321,794)
Fund balance, beginning of year, restated	76,273,404	323,404	(75,950,000)
Fund balance, end of year	\$ 76,271,794	\$ -	\$ (76,271,794)

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Gas Tax Special Revenue Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Intergovernmental	\$ 432,988	\$ 401,155	\$ (31,833)
Other	-	2,620	2,620
	<u>432,988</u>	<u>403,775</u>	<u>(29,213)</u>
<b>Total revenues</b>	<u>432,988</u>	<u>403,775</u>	<u>(29,213)</u>
<b>Expenditures</b>			
Current:			
Public works	407,075	362,223	44,852
	<u>407,075</u>	<u>362,223</u>	<u>44,852</u>
<b>Total expenditures</b>	<u>407,075</u>	<u>362,223</u>	<u>44,852</u>
Excess of revenues over expenditures	<u>25,913</u>	<u>41,552</u>	<u>15,639</u>
<b>Other financing sources (uses)</b>			
Transfers in	36,584	37,615	1,031
Transfers out	(97,505)	(93,484)	4,021
	<u>(60,921)</u>	<u>(55,869)</u>	<u>5,052</u>
<b>Total other financing sources (uses)</b>	<u>(60,921)</u>	<u>(55,869)</u>	<u>5,052</u>
Net change in fund balance	(35,008)	(14,317)	20,691
Fund balance (deficit), beginning of year	(86,561)	(86,561)	-
Fund balance (deficit), end of fiscal year	<u>\$ (121,569)</u>	<u>\$ (100,878)</u>	<u>\$ 20,691</u>

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Local Transportation Special Revenue Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Investment income	\$ 1,500	\$ 537	\$ (963)
Intergovernmental	390,317	8,871	(381,446)
Total revenues	<u>391,817</u>	<u>9,408</u>	<u>(382,409)</u>
<b>Other financing sources (uses)</b>			
Transfers in	54,000	52,188	(1,812)
Transfers out	<u>(624,833)</u>	<u>(300,919)</u>	<u>323,914</u>
Total other financing sources (uses)	<u>(570,833)</u>	<u>(248,731)</u>	<u>322,102</u>
Net change in fund balance	(179,016)	(239,323)	(60,307)
Fund balance, beginning of year	<u>239,421</u>	<u>239,421</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 60,405</u></u>	<u><u>\$ 98</u></u>	<u><u>\$ (60,307)</u></u>

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Lighting/Landscape Assessment District Special Revenue Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Investment income	\$ 2,200	\$ 2,680	\$ 480
Charges for services	351,805	236,102	(115,703)
<b>Total revenues</b>	<b>354,005</b>	<b>238,782</b>	<b>(115,223)</b>
<b>Expenditures</b>			
Current:			
Public works	423,925	231,625	192,300
<b>Total expenditures</b>	<b>423,925</b>	<b>231,625</b>	<b>192,300</b>
Excess (deficiency) of revenues over (under) expenditures	(69,920)	7,157	77,077
<b>Other financing sources (uses)</b>			
Transfers in	98,500	27,100	(71,400)
Transfers out	(100,000)	(50,000)	50,000
<b>Total other financing sources (uses)</b>	<b>(1,500)</b>	<b>(22,900)</b>	<b>(21,400)</b>
Net change in fund balance	(71,420)	(15,743)	55,677
Fund balance, beginning of year	367,216	367,216	-
Fund balance, end of year	\$ 295,796	\$ 351,473	\$ 55,677

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Storm Drain Assessment District Special Revenue Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Investment income	\$ 2,400	\$ 4,880	\$ 2,480
Charges for services	231,758	209,334	(22,424)
<b>Total revenues</b>	<b>234,158</b>	<b>214,214</b>	<b>(19,944)</b>
<b>Expenditures</b>			
Current:			
Public works	56,023	3,834	52,189
<b>Total expenditures</b>	<b>56,023</b>	<b>3,834</b>	<b>52,189</b>
Excess of revenues over expenditures	178,135	210,380	32,245
<b>Other financing uses</b>			
Transfers out	(33,300)	(33,300)	-
<b>Total other financing sources (uses)</b>	<b>(33,300)</b>	<b>(33,300)</b>	<b>-</b>
Net change in fund balance	144,835	177,080	32,245
Fund balance, beginning of year	893,335	893,335	-
Fund balance, end of year	<b>\$ 1,038,170</b>	<b>\$ 1,070,415</b>	<b>\$ 32,245</b>

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Community Development Block Grant Special Revenue Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Intergovernmental	\$ 100,000	\$ -	\$ (100,000)
Total revenues	100,000	-	(100,000)
<b>Expenditures</b>			
Current:			
Community development	100,000	12,681	87,319
Total expenditures	100,000	12,681	87,319
Deficiency of revenues under expenditures	-	(12,681)	(12,681)
<b>Other financing sources:</b>			
Transfers in	48,026	-	(48,026)
Total other financing sources (uses):	48,026	-	(48,026)
Net change in fund balance	48,026	(12,681)	(60,707)
Fund balance, beginning of year	21,997	21,997	-
Fund balance, end of year	\$ 70,023	\$ 9,316	\$ (60,707)

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Public Transit Special Revenue Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Intergovernmental	\$ 389,286	\$ 389,286	\$ -
Total revenues	<u>389,286</u>	<u>389,286</u>	<u>-</u>
<b>Expenditures</b>			
Current:			
Transit	<u>389,286</u>	<u>389,286</u>	<u>-</u>
Total expenditures	<u>389,286</u>	<u>389,286</u>	<u>-</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing uses</b>			
Transfers out	<u>-</u>	<u>(209)</u>	<u>(209)</u>
Total other financing sources (uses)	<u>-</u>	<u>(209)</u>	<u>(209)</u>
Net change in fund balance	-	(209)	(209)
Fund balance, beginning of year	<u>209</u>	<u>209</u>	<u>-</u>
Fund balance, end of year	<u>\$ 209</u>	<u>\$ -</u>	<u>\$ (209)</u>

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Bike Path Maintenance Special Revenue Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Investment income	\$ 160	\$ 28	\$ (132)
Intergovernmental	1,000	3,068	2,068
Total revenues	<u>1,160</u>	<u>3,096</u>	<u>1,936</u>
<b>Expenditures</b>			
Current:			
Public works	<u>16,957</u>	<u>11,287</u>	<u>5,670</u>
Total expenditures	<u>16,957</u>	<u>11,287</u>	<u>5,670</u>
Net change in fund balance	<u>(15,797)</u>	<u>(8,191)</u>	<u>7,606</u>
Fund balance, beginning of year	<u>23,108</u>	<u>23,108</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 7,311</u></u>	<u><u>\$ 14,917</u></u>	<u><u>\$ 7,606</u></u>

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Solid Waste Source Reduction Special Revenue Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Investment Income	\$ -	\$ 311	\$ 311
Intergovernmental	29,600	36,599	6,999
Charges for services	75,000	72,466	(2,534)
<b>Total revenues</b>	<b>104,600</b>	<b>109,376</b>	<b>4,776</b>
<b>Expenditures</b>			
Current:			
Public works	119,196	89,082	30,114
<b>Total expenditures</b>	<b>119,196</b>	<b>89,082</b>	<b>30,114</b>
Excess (deficiency) of revenues over (under) expenditures	(14,596)	20,294	34,890
<b>Other financing uses</b>			
Transfers out	(4,000)	(4,000)	-
<b>Total other financing sources (uses)</b>	<b>(4,000)</b>	<b>(4,000)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(18,596)</b>	<b>16,294</b>	<b>34,890</b>
Fund balance, beginning of year	59,897	59,897	-
<b>Fund balance, end of year</b>	<b>\$ 41,301</b>	<b>\$ 76,191</b>	<b>\$ 34,890</b>

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Swimming Pool Maintenance Special Revenue Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Taxes	\$ 65,000	\$ 66,181	\$ 1,181
Investment income	500	-	(500)
Charges for services	43,220	24,985	(18,235)
Other	500	355	(145)
	<u>109,220</u>	<u>91,521</u>	<u>(17,699)</u>
<b>Expenditures</b>			
Current:			
Parks and recreation	246,134	200,288	45,846
	<u>246,134</u>	<u>200,288</u>	<u>45,846</u>
Net change in fund balance	(136,914)	(108,767)	28,147
Fund balance (deficit), beginning of year	<u>(45,839)</u>	<u>(45,839)</u>	<u>-</u>
Fund balance (deficit), end of year	<u><u>\$ (182,753)</u></u>	<u><u>\$ (154,606)</u></u>	<u><u>\$ 28,147</u></u>

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Recreation Special Revenue Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Charges for services	\$ 137,900	\$ 116,174	\$ (21,726)
Total revenues	137,900	116,174	(21,726)
<b>Expenditures</b>			
Current:			
Parks and recreation	153,160	139,548	13,612
Total expenditures	153,160	139,548	13,612
Net change in fund balance	(15,260)	(23,374)	(8,114)
Fund balance (deficit), beginning of year	(26,281)	(26,281)	-
Fund balance (deficit), end of year	\$ (41,541)	\$ (49,655)	\$ (8,114)

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**DIF Public Facility Special Revenue Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Investment income	\$ 220	\$ 578	\$ 358
Charges for services	143,573	140,829	(2,744)
Total revenues	<u>143,793</u>	<u>141,407</u>	<u>(2,386)</u>
<b>Other financing uses</b>			
Transfers out	<u>(85,885)</u>	<u>(85,885)</u>	<u>-</u>
Total other financing uses	<u>(85,885)</u>	<u>(85,885)</u>	<u>-</u>
Net change in fund balance	57,908	55,522	(2,386)
Fund balance, beginning of year	<u>40,651</u>	<u>40,651</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 98,559</u></u>	<u><u>\$ 96,173</u></u>	<u><u>\$ (2,386)</u></u>

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**DIF Transportation Improvement Special Revenue Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Investment income	\$ 100	\$ 260	\$ 160
Charges for services	14,000	19,465	5,465
Total revenues	14,100	19,725	5,625
Net change in fund balance	14,100	19,725	5,625
Fund balance (deficit), beginning of year	(8,905)	(8,905)	-
Fund balance, end of year	\$ 5,195	\$ 10,820	\$ 5,625

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**DIF Parkland Special Revenue Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Investment income	\$ 400	\$ 853	\$ 453
Charges for services	57,160	57,160	-
Total revenues	<u>57,560</u>	<u>58,013</u>	<u>453</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(43,400)</u>	<u>(43,400)</u>	<u>-</u>
Total other financing sources (uses)	<u>(43,400)</u>	<u>(43,400)</u>	<u>-</u>
Net change in fund balance	14,160	14,613	453
Fund balance, beginning of year	<u>140,490</u>	<u>140,490</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 154,650</u></u>	<u><u>\$ 155,103</u></u>	<u><u>\$ 453</u></u>

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**DIF Sewer Improvement Special Revenue Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Investment income	\$ 2,400	\$ 1,288	\$ (1,112)
Charges for services	28,030	19,581	(8,449)
Total revenues	<u>30,430</u>	<u>20,869</u>	<u>(9,561)</u>
<b>Other financing uses</b>			
Transfers out	<u>(412,248)</u>	<u>(312,248)</u>	<u>100,000</u>
Total other financing uses	<u>(412,248)</u>	<u>(312,248)</u>	<u>100,000</u>
Net change in fund balance	(381,818)	(291,379)	90,439
Fund balance, beginning of year	<u>398,372</u>	<u>398,372</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 16,554</u></u>	<u><u>\$ 106,993</u></u>	<u><u>\$ 90,439</u></u>

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**DIF Water Improvement Special Revenue Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Investment income	\$ 500	\$ -	\$ (500)
Charges for services	22,063	16,144	(5,919)
Total revenues	<u>22,563</u>	<u>16,144</u>	<u>(6,419)</u>
<b>Expenditures</b>			
Current:			
Public works	30,000	-	30,000
Total expenditures	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,437)</u>	<u>16,144</u>	<u>23,581</u>
<b>Other financing uses</b>			
Transfers out	<u>(7,000)</u>	<u>(7,000)</u>	<u>-</u>
Total other financing uses	<u>(7,000)</u>	<u>(7,000)</u>	<u>-</u>
Net change in fund balance	(14,437)	9,144	23,581
Fund balance (deficit), beginning of year	<u>(691,543)</u>	<u>(691,543)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (705,980)</u>	<u>\$ (682,399)</u>	<u>\$ 23,581</u>

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**DIF Storm Drain Improvement Special Revenue Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Investment income	\$ 400	\$ 688	\$ 288
Charges for services	35,925	35,052	(873)
Total revenues	<u>36,325</u>	<u>35,740</u>	<u>(585)</u>
<b>Expenditures</b>			
Current:			
Public works	3,000	-	3,000
Total expenditures	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Excess of revenues over expenditures	<u>33,325</u>	<u>35,740</u>	<u>2,415</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>
Net change in fund balance	21,325	23,740	2,415
Fund balance, beginning of year	<u>115,198</u>	<u>115,198</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 136,523</u></u>	<u><u>\$ 138,938</u></u>	<u><u>\$ 2,415</u></u>

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Storm Water NPDES Special Revenue Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Investment income	\$ 75	\$ 172	\$ 97
Charges for services	17,237	22,940	5,703
Total revenues	17,312	23,112	5,800
<b>Expenditures</b>			
Current:			
Public works	35,818	28,218	7,600
Total expenditures	35,818	28,218	7,600
Excess (deficiency) of revenues over(under) expenditures	(18,506)	(5,106)	13,400
<b>Other financing sources:</b>			
Transfers in	7,500	7,500	-
Total other financing sources	7,500	7,500	-
Net change in fund balance	(11,006)	2,394	13,400
Fund balance, beginning of year	39,718	39,718	-
Fund balance, end of year	\$ 28,712	\$ 42,112	\$ 13,400

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Intermodal Transportation Center Capital Projects Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Other financing uses</b>			
Transfers out	\$ (28,628)	\$ (28,628)	\$ -
Total other financing uses	(28,628)	(28,628)	-
Net change in fund balance	(28,628)	(28,628)	-
Fund balance, beginning of year	28,628	28,628	-
Fund balance, end of year	\$ -	\$ -	\$ -

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Heritage Valley Tourism Capital Projects Fund**  
**For the fiscal year ended June 30, 2011**

	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
<b>Other financing uses</b>			
Transfers out	\$ (21,370)	\$ (21,370)	\$ -
Total other financing uses	<u>(21,370)</u>	<u>(21,370)</u>	<u>-</u>
Net change in fund balance	(21,370)	(21,370)	-
Fund balance, beginning of year	<u>21,370</u>	<u>21,370</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Sespe Creek Capital Projects Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Other financing uses</b>			
Transfers out	\$ (45,127)	\$ -	\$ 45,127
Total other financing uses	(45,127)	-	45,127
Net change in fund balance	(45,127)	-	45,127
Fund balance, beginning of year	45,127	45,127	-
Fund balance, end of year	\$ -	\$ 45,127	\$ 45,127

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Signals Capital Projects Fund**  
**For the fiscal year ended June 30, 2011**

	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
<b>Other financing sources</b>			
Transfers in	\$ 109,127	\$ 109,127	\$ -
Total other financing sources	<u>109,127</u>	<u>109,127</u>	<u>-</u>
Net change in fund balance	109,127	109,127	-
Fund balance (deficit), beginning of year	<u>(109,127)</u>	<u>(109,127)</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Miscellaneous Capital Projects Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Intergovernmental	\$ 113,060	\$ -	\$ (113,060)
Charges for services	-	210	210
Total revenues	<u>113,060</u>	<u>210</u>	<u>(112,850)</u>
<b>Expenditures</b>			
Capital outlay	<u>236,281</u>	<u>7,037</u>	<u>229,244</u>
Total expenditures	<u>236,281</u>	<u>7,037</u>	<u>229,244</u>
Excess of revenues over expenditures	<u>(123,221)</u>	<u>(6,827)</u>	<u>116,394</u>
<b>Other financing sources</b>			
Transfers in	<u>2,200</u>	<u>2,200</u>	<u>-</u>
Total other financing sources	<u>2,200</u>	<u>2,200</u>	<u>-</u>
Net change in fund balance	(121,021)	(4,627)	116,394
Fund balance, beginning of year	<u>705,908</u>	<u>705,908</u>	<u>-</u>
Fund balance, end of year	<u>\$ 584,887</u>	<u>\$ 701,281</u>	<u>\$ 116,394</u>

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Street Projects Capital Projects Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Intergovernmental	\$ 400,000	\$ 356,033	\$ (43,967)
Total revenues	400,000	356,033	(43,967)
<b>Expenditures</b>			
Capital outlay	395,165	366,662	28,503
Total expenditures	395,165	366,662	28,503
Excess (deficiency) of revenues over (under) expenditures	4,835	(10,629)	(15,464)
<b>Other financing sources (uses)</b>			
Transfers in	268,671	269,004	333
Total other financing sources (uses)	268,671	269,004	333
Net change in fund balance	273,506	258,375	(15,131)
Fund balance, beginning of year	(3,777)	(3,777)	-
Fund balance, end of year	\$ 269,729	\$ 254,598	\$ (15,131)

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Central Avenue Improvements Capital Projects Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Other financing sources (uses)</b>			
Transfers out	\$ (95,266)	\$ (95,266)	\$ -
Total other financing sources (uses)	(95,266)	(95,266)	-
Net change in fund balance	(95,266)	(95,266)	-
Fund balance, beginning of year	95,266	95,266	-
Fund balance, end of year	\$ -	\$ -	\$ -

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Corporate Yard/Fire Station Capital Projects Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Expenditures</b>			
Capital outlay	\$ 486,540	\$ -	\$ 486,540
Total expenditures	486,540	-	486,540
<b>Other financing sources (uses)</b>			
Transfers out	(30,000)	(15,000)	15,000
Total other financing sources (uses)	(30,000)	(15,000)	15,000
Net change in fund balance	(516,540)	(15,000)	501,540
Fund balance, beginning of year	516,540	516,540	-
Fund balance, end of year	\$ -	\$ 501,540	\$ 501,540

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Vehicle Replacement Capital Projects Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Other financing sources (uses)</b>			
Transfers in	\$ 105,500	\$ -	\$ (105,500)
Total other financing sources (uses)	105,500	-	(105,500)
Net change in fund balance	105,500	-	(105,500)
Fund balance, beginning of year	(19,615)	(19,615)	-
Fund balance, end of year	\$ 85,885	\$ (19,615)	\$ (105,500)

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Well #9 Capital Projects Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Expenditures</b>			
Capital outlay	\$ 687,000	\$ 571,046	\$ 115,954
Total expenditures	687,000	571,046	115,954
Net change in fund balance	(687,000)	(571,046)	115,954
Fund balance, beginning of year	687,008	687,008	-
Fund balance, end of year	\$ 8	\$ 115,962	\$ 115,954

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Parking Lot Capital Projects Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Expenditures</b>			
Current:			
Public works	\$ 200,000	\$ -	\$ 200,000
Total expenditures	200,000	-	200,000
<b>Other financing sources (uses)</b>			
Transfers out	(10,000)	(5,000)	5,000
Total other financing sources (uses):	(10,000)	(5,000)	5,000
Net change in fund balance	(210,000)	(5,000)	205,000
Fund balance, beginning of year	195,433	195,433	-
Fund balance, end of year	\$ (14,567)	\$ 190,433	\$ 205,000

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Pool Underground and Design Capital Projects Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Expenditures</b>			
Capital outlay	\$ 71,400	\$ -	\$ 71,400
Total expenditures	71,400	-	71,400
<b>Other financing sources (uses)</b>			
Transfers in	77,847	77,847	-
Transfers out	(6,150)	-	6,150
Total other financing sources (uses):	71,697	77,847	6,150
Net change in fund balance	297	77,847	77,550
Fund balance, beginning of year	(77,847)	(77,847)	-
Fund balance, end of year	\$ (77,550)	\$ -	\$ 77,550

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Storm Drain – Weir River Capital Projects Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Expenditures</b>			
Capital outlay	\$ 20,000	\$ -	\$ 20,000
Total expenditures	20,000	-	20,000
Net change in fund balance	(20,000)	-	20,000
Fund balance, beginning of year	206,000	206,000	-
Fund balance, end of year	\$ 186,000	\$ 206,000	\$ 20,000

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Pole Creek Capital Projects Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Revenues</b>			
Intergovernmental	\$ 57,500	\$ -	\$ (57,500)
Total revenues	57,500	-	(57,500)
<b>Expenditures</b>			
Capital outlay	85,000	-	85,000
Total expenditures	85,000	-	85,000
Deficiency of revenues under expenditures	(27,500)	-	27,500
<b>Other financing sources</b>			
Transfers in	7,500	7,500	-
Total other financing sources	7,500	7,500	-
Net change in fund balance	(20,000)	7,500	27,500
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ (20,000)	\$ 7,500	\$ 27,500

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**BTA Bike Path Capital Projects Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Expenditures</b>			
Public works	\$ 342,085	\$ 7,616	\$ 334,469
Total expenditures	342,085	7,616	334,469
<b>Other financing sources (uses)</b>			
Transfers in	31,500	31,500	-
Total other financing sources (uses)	31,500	31,500	-
Net change in fund balance	(310,585)	23,884	334,469
Fund balance, beginning of year	1,485	1,485	-
Fund balance, end of year	\$ (309,100)	\$ 25,369	\$ 334,469

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Business Park Infrastructure Capital Projects Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Expenditures</b>			
Capital outlay	\$ 1,000,000	\$ 328,008	\$ 671,992
Total expenditures	1,000,000	328,008	671,992
<b>Other financing sources (uses)</b>			
Transfers out	(596,065)	(596,065)	-
Total other financing sources (uses)	(596,065)	(596,065)	-
Net change in fund balance	(1,596,065)	(924,073)	671,992
Fund balance, beginning of year	1,000,000	1,000,000	-
Fund balance, end of year	\$ (596,065)	\$ 75,927	\$ 671,992

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**Sidewalk Repair Capital Projects Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Expenditures</b>			
Public works	\$ 145,606	\$ 280	\$ 145,326
Total expenditures	145,606	280	145,326
Net change in fund balance	(145,606)	(280)	145,326
Fund balance, beginning of year	147,806	147,806	-
Fund balance, end of year	\$ 2,200	\$ 147,526	\$ 145,326

**CITY OF FILLMORE**  
**Schedule of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budget and Actual**  
**A Street Water Line Capital Projects Fund**  
**For the fiscal year ended June 30, 2011**

	Final budget	Actual	Variance with final budget
<b>Expenditures</b>			
Capital outlay	\$ 94,400	\$ 59,435	\$ 34,965
Total expenditures	94,400	59,435	34,965
Net change in fund balance	(94,400)	(59,435)	34,965
Fund balance, beginning of year	108,533	108,533	-
Fund balance, end of year	\$ 14,133	\$ 49,098	\$ 34,965

**CITY OF FILLMORE**  
**Combining Statement of Net Assets**  
**Proprietary Funds – Sewer Funds**  
**June 30, 2011**

	Sewer Operating Fund	Sewer Projects Fund	Sewer Replacement Fund	Rate Stabilization Fund	Totals
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 273,669	\$ 37,794	\$ 6,183	\$ 3,995,740	\$ 4,313,386
Cash and investments with fiscal agent	4,086,616	-	-	-	4,086,616
Accounts receivable, net	971,812	-	-	-	971,812
Interest receivable	64	-	-	3,336	3,400
<b>Total current assets</b>	<b>5,332,161</b>	<b>37,794</b>	<b>6,183</b>	<b>3,999,076</b>	<b>9,375,214</b>
Noncurrent assets:					
Deferred issuance costs, net	1,090,826	-	-	-	1,090,826
Capital assets:					
Land	2,688,630	-	-	-	2,688,630
Depreciable infrastructure, net	28,466,639	-	-	-	28,466,639
Depreciable equipment, net	42,601,428	-	-	-	42,601,428
<b>Total non-current assets</b>	<b>74,847,523</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,847,523</b>
<b>Total assets</b>	<b>80,179,684</b>	<b>37,794</b>	<b>6,183</b>	<b>3,999,076</b>	<b>84,222,737</b>

**CITY OF FILLMORE**  
**Combining Statement of Net Assets**  
**Proprietary Funds – Sewer Funds**  
**June 30, 2011**

	Sewer Operating Fund	Sewer Projects Fund	Sewer Replacement Fund	Rate Stabilization Fund	Totals
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	380,600	46,949	-	-	427,549
Accrued interest payable	470,726	-	-	-	470,726
Deposits payable	115,424	-	-	-	115,424
Current portion of long-term obligations	<u>682,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>682,280</u>
Total current liabilities	<u>1,649,030</u>	<u>46,949</u>	<u>-</u>	<u>-</u>	<u>1,695,979</u>
Noncurrent liabilities:					
Compensated absences	14,681	-	-	-	14,681
Bonds payable	56,285,000	-	-	-	56,285,000
Loan payable - State Water Board	14,055	-	-	-	14,055
Premium on bonds payable	<u>1,847,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,847,809</u>
Total non-current liabilities	<u>58,161,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,161,545</u>
Total liabilities	<u>59,810,575</u>	<u>46,949</u>	<u>-</u>	<u>-</u>	<u>59,857,524</u>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	18,572,877	-	-	-	18,572,877
Restricted for debt service	1,071,180	-	-	-	1,071,180
Unrestricted	<u>725,052</u>	<u>(9,155)</u>	<u>6,183</u>	<u>3,999,076</u>	<u>4,721,156</u>
Total net assets	<u>\$ 20,369,109</u>	<u>\$ (9,155)</u>	<u>\$ 6,183</u>	<u>\$ 3,999,076</u>	<u>\$ 24,365,213</u>

**CITY OF FILLMORE**  
**Combining Statement of Revenues, Expenses, and**  
**Changes in Net Assets**  
**Proprietary Funds – Sewer Funds**  
**For the fiscal year ended June 30, 2011**

	Sewer Operating Fund	Sewer Projects Fund	Sewer Replacement Fund	Rate Stabilization Fund	Totals
<b>Operating revenues</b>					
Sales and service charges	\$ 4,915,490	\$ -	\$ -	\$ -	\$ 4,915,490
Other	486,271	83,573	-	-	569,844
Total operating revenues	<u>5,401,761</u>	<u>83,573</u>	<u>-</u>	<u>-</u>	<u>5,485,334</u>
<b>Operating expenses</b>					
Administration costs	346,680	-	-	-	346,680
Bad debt	76,879	-	-	-	76,879
Treatment and disposal plant	2,029,591	-	-	-	2,029,591
Depreciation	898,756	-	-	-	898,756
Total operating expenses	<u>3,351,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,351,906</u>
Operating income	<u>2,049,855</u>	<u>83,573</u>	<u>-</u>	<u>-</u>	<u>2,133,428</u>
<b>Non-operating revenues</b>					
<b>(expenses)</b>					
Investment income	170,058	-	-	19,453	189,511
Amortization	(30,301)	-	-	-	(30,301)
Interest expense	(2,791,229)	-	-	-	(2,791,229)
Bond trustee charges	(2,950)	-	-	-	(2,950)
Total non-operating revenues (expenses)	<u>(2,654,422)</u>	<u>-</u>	<u>-</u>	<u>19,453</u>	<u>(2,634,969)</u>
Income (loss) before transfers	(604,567)	83,573	-	19,453	(501,541)
Transfers in	67,352,577	3,596,235	-	-	70,948,812
Transfers out	(4,021,658)	(66,208,377)	-	(1,000,000)	(71,230,035)
Change in net assets	62,726,352	(62,528,569)	-	(980,547)	(782,764)
Net assets, beginning of year	<u>(42,357,243)</u>	<u>62,519,414</u>	<u>6,183</u>	<u>4,979,623</u>	<u>25,147,977</u>
Net assets, end of year	<u>\$ 20,369,109</u>	<u>\$ (9,155)</u>	<u>\$ 6,183</u>	<u>\$ 3,999,076</u>	<u>\$ 24,365,213</u>

**AGENCY FUNDS**

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**CITY OF FILLMORE**  
**Agency Funds**

Agency Funds are used to account for assets held by the City as trustee or agent for individuals, private organizations, or other governmental units or funds.

**Special Deposits Fund** - to account for refundable deposits being held by the City.

**Community Facilities District No. 1 Fund** – to account for funds set aside by the City, on behalf of the CFD No. 1 bondholders, for debt service payments and reserves.

**Community Facilities District No. 2 Fund** – to account for funds set aside by the City, on behalf of the CFD No. 2 bondholders, for debt service payments and reserves.

**Community Facilities District No. 3 Fund** – to account for funds set aside by the City, on behalf of the CFD No. 3 bondholders, for debt service payments and reserves.

**Community Facilities District No. 5 Fund** – to account for funds set aside by the City, on behalf of the CFD No. 5 bondholders, for debt service payments and reserves.

**Community Facilities District No. 6 Fund** – to account for funds set aside by the City, on behalf of the CFD No. 6 bondholders, for debt service payments and reserves.

**CITY OF FILLMORE**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2011**

	Special Deposits	Community Facilities District No. 1	Community Facilities District No. 2
<b>Assets</b>			
Cash and investments	\$ 890,336	\$ 141,512	\$ 69,580
Cash and investments with fiscal agent	-	192,058	40,500
Receivables:			
Interest	-	111	55
Taxes	-	5,878	-
Prepaid items	-	-	1,325
	<u>\$ 890,336</u>	<u>\$ 339,559</u>	<u>\$ 111,460</u>
Total assets	<u>\$ 890,336</u>	<u>\$ 339,559</u>	<u>\$ 111,460</u>
<b>Liabilities</b>			
Accounts payable	\$ 9,764	\$ -	\$ -
Deposits payable	880,572	-	-
Due to bondholders	-	339,559	111,460
	<u>\$ 890,336</u>	<u>\$ 339,559</u>	<u>\$ 111,460</u>
Total liabilities	<u>\$ 890,336</u>	<u>\$ 339,559</u>	<u>\$ 111,460</u>

Community Facilities District No. 3	Community Facilities District No. 5	Community Facilities District No. 6	Totals
\$ 291,195	\$ 604,096	\$ 78,926	\$ 2,075,645
315,178	-	-	547,736
225	467	115	973
3,674	-	-	9,552
-	-	-	1,325
<u>\$ 610,272</u>	<u>\$ 604,563</u>	<u>\$ 79,041</u>	<u>\$ 2,635,231</u>
\$ -	\$ -	\$ -	\$ 9,764
-	-	-	880,572
610,272	604,563	79,041	1,744,895
<u>\$ 610,272</u>	<u>\$ 604,563</u>	<u>\$ 79,041</u>	<u>\$ 2,635,231</u>

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