

CITY OF BRAWLEY
Brawley, California

Annual Financial Report
For the Fiscal Year Ended June 30, 2009

CITY OF BRAWLEY
Brawley, California

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Brawley, California

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FINANCIAL SECTION



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

9107 WILSHIRE BLVD., SUITE 400
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.273.1689
www.mlhcpas.com

Independent Auditor's Report

The Honorable Members of the City Council of the
City of Brawley
Brawley, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brawley, California (City) as of and for the fiscal year ended June 30, 2009, 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brawley, California, as of June 30, 2009, 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 discussed in note 1 of the notes to basic financial statements effective July 1, 2008, the City adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements of Auditing Standards*.

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

The City has not presented a management's discussion and analysis (MD&A) that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements. The respective budgetary comparison for the General Fund and Economic & Community Development Fund are not required parts of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The major capital project fund budgetary comparison schedule, combining nonmajor fund financial statements, and combining internal service funds financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The major capital project fund budgetary comparison schedule, combining nonmajor fund financial statements, and combining internal service funds financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Beverly Hills, California
March 30, 2010

CITY OF BRAWLEY
STATEMENT OF NET ASSETS
June 30, 2009

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|--------------------------|
| ASSETS | | | |
| Cash and investments | \$ 16,799,324 | \$ 3,179,364 | \$ 19,978,688 |
| Restricted cash and investments with fiscal agents | 380,969 | 467,495 | 848,464 |
| Accounts receivable | 636,446 | 765,916 | 1,402,362 |
| Interest receivable | 57,809 | 16,881 | 74,690 |
| Notes receivable | 9,087,519 | | 9,087,519 |
| Due from other governments | 1,740,804 | 350,425 | 2,091,229 |
| Capital assets not being depreciated | 3,379,170 | 2,748,238 | 6,127,408 |
| Capital assets, net of accumulated depreciation | 22,719,803 | 48,644,750 | 71,364,553 |
| Total assets | <u>54,801,844</u> | <u>56,173,069</u> | <u>110,974,913</u> |
| LIABILITIES | | | |
| Accounts payable | 1,157,265 | 649,951 | 1,807,216 |
| Accrued interest payable | 64,755 | 72,618 | 137,373 |
| Deposits payable | 522,971 | 384,274 | 907,245 |
| Unearned revenue | | 52,689 | 52,689 |
| Noncurrent liabilities: | | | |
| Due within one year | 127,612 | 1,471,349 | 1,598,961 |
| Due in more than one year | 6,918,676 | 16,726,733 | 23,645,409 |
| Total liabilities | <u>8,791,279</u> | <u>19,357,614</u> | <u>28,148,893</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 19,991,255 | 33,841,274 | 53,832,529 |
| Restricted for: | | | |
| Public safety | 579,692 | | 579,692 |
| Transportation | 581,289 | | 581,289 |
| Community development | 2,048,855 | | 2,048,855 |
| Culture and leisure | 62,868 | | 62,868 |
| Debt service | 964,735 | 1,218,011 | 2,182,746 |
| Capital facilities | 5,620,794 | | 5,620,794 |
| Utilities | | 2,578,874 | 2,578,874 |
| Airport | | 514,941 | 514,941 |
| Unrestricted | 16,161,077 | (1,337,645) | 14,823,432 |
| Total net assets | <u>\$ 46,010,565</u> | <u>\$ 36,815,455</u> | <u>\$ 82,826,020</u> |

See Notes to Basic Financial Statements

CITY OF BRAWLEY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009

| Functions/Programs | Expenses | Program Revenues | | |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Contributions and Grants | Capital Contributions and Grants |
| Governmental Activities: | | | | |
| General government | \$ 1,895,253 | \$ 840,486 | \$ 402,150 | \$ 238,318 |
| Public safety | 7,550,147 | 613,184 | 466,288 | 423,168 |
| Culture and leisure | 2,581,931 | 198,912 | 85,964 | 88,574 |
| Community development | 5,194,776 | 2,232,416 | 405,376 | 355,708 |
| Streets and highways | 1,875,877 | 240,060 | 1,108,610 | 716,954 |
| Pass-through agreements | 369,254 | | | |
| Interest on long-term debt | 321,431 | | | |
| Total governmental activities | 19,788,669 | 4,125,058 | 2,468,388 | 1,822,722 |
| Business-type Activities: | | | | |
| Water | 5,541,577 | 5,412,859 | 561,650 | 53,794 |
| Wastewater | 2,734,500 | 3,000,773 | | 74,628 |
| Solid Waste | 1,183,846 | 1,186,247 | 198 | |
| Airport | 353,319 | 132,118 | 191,129 | |
| Total business-type activities | 9,813,242 | 9,731,997 | 752,977 | 128,422 |
| Total primary government | \$ 29,601,911 | \$ 13,857,055 | \$ 3,221,365 | \$ 1,951,144 |
| General Revenues: | | | | |
| Taxes: | | | | |
| Property taxes | | | | |
| Utility users taxes | | | | |
| Transient lodging taxes | | | | |
| Franchise taxes | | | | |
| Business license taxes | | | | |
| Intergovernmental (unrestricted): | | | | |
| Shared property taxes | | | | |
| Shared sales and use taxes | | | | |
| Motor vehicle license fees | | | | |
| Other | | | | |
| Use of money and property | | | | |
| Total general revenues | | | | |
| Change in net assets | | | | |
| Net assets - beginning of fiscal year | | | | |
| Net assets - end of fiscal year | | | | |

See Notes to Basic Financial Statements

| Net (Expense) Revenue and Changes in Net Assets | | |
|---|-----------------------------|----------------------|
| Primary Government | | |
| Governmental Activities | Business-type Activities | Total |
| \$ (414,299) | \$ - | \$ (414,299) |
| (6,047,507) | | (6,047,507) |
| (2,208,481) | | (2,208,481) |
| (2,201,276) | | (2,201,276) |
| 189,747 | | 189,747 |
| (369,254) | | (369,254) |
| (321,431) | | (321,431) |
| <u>(11,372,501)</u> | | <u>(11,372,501)</u> |
| | 486,726 | 486,726 |
| | 340,901 | 340,901 |
| | 2,599 | 2,599 |
| | (30,072) | (30,072) |
| | <u>800,154</u> | <u>800,154</u> |
| <u>(11,372,501)</u> | <u>800,154</u> | <u>(10,572,347)</u> |
| 107,496 | | 107,496 |
| 1,906,054 | | 1,906,054 |
| 296,017 | | 296,017 |
| 686,850 | | 686,850 |
| 47,233 | | 47,233 |
| 4,125,614 | | 4,125,614 |
| 1,954,561 | | 1,954,561 |
| 96,728 | | 96,728 |
| 286,583 | | 286,583 |
| 1,095,971 | 108,822 | 1,204,793 |
| <u>10,603,107</u> | <u>108,822</u> | <u>10,711,929</u> |
| (769,394) | 908,976 | 139,582 |
| <u>46,779,959</u> | <u>35,906,479</u> | <u>82,686,438</u> |
| <u>\$ 46,010,565</u> | <u>\$ 36,815,455</u> | <u>\$ 82,826,020</u> |

CITY OF BRAWLEY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

| | General Fund | Economic & Community Development | CRA Capital Projects |
|--------------------------------------|---------------------|--|----------------------------|
| ASSETS | | | |
| Cash and investments | \$ 6,269,856 | \$ 295,339 | \$ 2,105,165 |
| Deposits with fiscal agents | | 5,381 | |
| Interest receivable | 15,543 | 1,845 | 10,315 |
| Due from other governments | 485,626 | 83,059 | 107,382 |
| Notes receivable | | 8,803,226 | 284,293 |
| | <u>6,771,025</u> | <u>9,188,850</u> | <u>2,507,155</u> |
| Total assets | <u>\$ 6,771,025</u> | <u>\$ 9,188,850</u> | <u>\$ 2,507,155</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 637,811 | \$ 4 | \$ 100,126 |
| Deposits payable | 196,629 | | |
| Deferred revenue | 18,001 | 8,808,607 | 284,293 |
| | <u>852,441</u> | <u>8,808,611</u> | <u>384,419</u> |
| Total liabilities | <u>852,441</u> | <u>8,808,611</u> | <u>384,419</u> |
| Fund balances: | | | |
| Reserved: | | | |
| Debt service | | | |
| Library board | 62,868 | | |
| Unreserved reported in: | | | |
| General fund | 5,855,716 | | |
| Special revenue funds | | 380,239 | |
| Capital projects funds | | | 2,122,736 |
| | <u>5,918,584</u> | <u>380,239</u> | <u>2,122,736</u> |
| Total fund balances | <u>5,918,584</u> | <u>380,239</u> | <u>2,122,736</u> |
| Total liabilities and fund balances | <u>\$ 6,771,025</u> | <u>\$ 9,188,850</u> | <u>\$ 2,507,155</u> |

See Notes to Basic Financial Statements

| Streets Capital Projects | Other Governmental Funds | Total Governmental Funds |
|--------------------------------|--------------------------------|--------------------------------|
| \$ 814,695 | \$ 6,483,082 | \$ 15,968,137 |
| | 375,588 | 380,969 |
| 1,252 | 25,089 | 54,044 |
| 85,331 | 208,218 | 969,616 |
| | | 9,087,519 |
| <u>\$ 901,278</u> | <u>\$ 7,091,977</u> | <u>\$ 26,460,285</u> |

| | | |
|----------------|----------------|-------------------|
| \$ 247,768 | \$ 125,843 | \$ 1,111,552 |
| | 326,342 | 522,971 |
| | 912 | 9,111,813 |
| <u>247,768</u> | <u>453,097</u> | <u>10,746,336</u> |

| | | |
|-------------------|---------------------|----------------------|
| | 964,735 | 964,735 |
| | | 62,868 |
| | | 5,855,716 |
| | 2,829,597 | 3,209,836 |
| 653,510 | 2,844,548 | 5,620,794 |
| <u>653,510</u> | <u>6,638,880</u> | <u>15,713,949</u> |
| <u>\$ 901,278</u> | <u>\$ 7,091,977</u> | <u>\$ 26,460,285</u> |

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CITY OF BRAWLEY
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2009

| | |
|---|----------------------|
| Fund balances of governmental funds | \$ 15,713,949 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Certain receivables are not available to pay for current period expenditures and, therefore are not reported as governmental fund assets. | 1,231,901 |
| Capital assets net of accumulated depreciation have not been included as financial resources in governmental funds. | 25,158,750 |
| Certain notes receivable and accounts receivable are not available to pay for current period expenditures and, therefore are offset by deferred revenue in the governmental funds. | 9,111,813 |
| Long-term debt, interest payable and compensated absences have not been included in the governmental funds. | |
| Long-term debt | (5,891,832) |
| Compensated absences | (929,946) |
| Interest on long-term debt is not recognized until the period in which it matures and is paid. In government-wide statement of net assets, it is recognized in the period that it is incurred. | (64,755) |
| Internal service funds are used by management to charge the costs of certain activities, such as maintenance and risk management, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets. | <u>1,680,685</u> |
| Net assets of governmental activities | <u>\$ 46,010,565</u> |

See Notes to Basic Financial Statements

CITY OF BRAWLEY**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2009

| | General Fund | Economic & Community Development | CRA Capital Projects |
|---|---------------------|--|----------------------------|
| REVENUES | | | |
| Taxes: | | | |
| Utility users | \$ 1,811,961 | \$ - | \$ - |
| Transient lodging | 285,245 | | |
| Franchise | 655,561 | | |
| Business license | 47,233 | | |
| Property | | | |
| Licenses and permits | 99,215 | | |
| Fines and forfeitures | 119,156 | | |
| Use of money and property | 216,632 | 74,201 | 88,615 |
| Intergovernmental revenues | 6,277,905 | 618,756 | 1,443,539 |
| Charges for services | 3,075,130 | | |
| Miscellaneous | 368,952 | 231,032 | 66,855 |
| Total revenues | <u>12,956,990</u> | <u>923,989</u> | <u>1,599,009</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 1,895,253 | | |
| Public safety | 7,463,533 | | |
| Culture and leisure | 2,581,931 | | |
| Community development | 1,303,485 | 1,376,372 | |
| Transportation | | | |
| Capital outlay | | | 1,413,916 |
| Debt service: | | | |
| Principal | | | |
| Interest and fiscal charges | | | |
| Intergovernmental expenditures | | | 336,076 |
| Total expenditures | <u>13,244,202</u> | <u>1,376,372</u> | <u>1,749,992</u> |
| Excess of revenues over (under) expenditures | <u>(287,212)</u> | <u>(452,383)</u> | <u>(150,983)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | | | |
| Transfers out | (483) | | (2,434,395) |
| Total other financing sources (uses) | <u>(483)</u> | | <u>(2,434,395)</u> |
| Net change in fund balances | (287,695) | (452,383) | (2,585,378) |
| Fund Balances - July 1, 2008 | 6,206,279 | 832,622 | 4,708,114 |
| Fund Balances - June 30, 2009 | <u>\$ 5,918,584</u> | <u>\$ 380,239</u> | <u>\$ 2,122,736</u> |

See Notes to Basic Financial Statements

| Streets Capital Projects | Other Governmental Funds | Totals |
|--------------------------------|--------------------------------|----------------------|
| \$ - | \$ - | \$ 1,811,961 |
| | | 285,245 |
| | | 655,561 |
| | | 47,233 |
| | 107,496 | 107,496 |
| | | 99,215 |
| | | 119,156 |
| 3,745 | 156,063 | 539,256 |
| 256,234 | 2,593,509 | 11,189,943 |
| | 125,151 | 3,200,281 |
| | 111,950 | 778,789 |
| <u>259,979</u> | <u>3,094,169</u> | <u>18,834,136</u> |
| | | 1,895,253 |
| | 86,614 | 7,550,147 |
| | | 2,581,931 |
| | 165,453 | 2,845,310 |
| | 1,697,877 | 1,697,877 |
| 2,563,761 | 684,999 | 4,662,676 |
| | 110,000 | 110,000 |
| | 256,676 | 256,676 |
| | 33,178 | 369,254 |
| <u>2,563,761</u> | <u>3,034,797</u> | <u>21,969,124</u> |
| <u>(2,303,782)</u> | <u>59,372</u> | <u>(3,134,988)</u> |
| 2,862,395 | 176,075 | 3,038,470 |
| | (603,592) | (3,038,470) |
| <u>2,862,395</u> | <u>(427,517)</u> | |
| 558,613 | (368,145) | (3,134,988) |
| 94,897 | 7,007,025 | 18,848,937 |
| <u>\$ 653,510</u> | <u>\$ 6,638,880</u> | <u>\$ 15,713,949</u> |

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CITY OF BRAWLEYRECONCILIATION 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, 2009

| | |
|---|---------------------|
| Net change in fund balances - total governmental funds | \$ (3,134,988) |
| Amounts reported for governmental activities in the statement of activities differ because: | |
| Governmental funds report capital outlay as expenditures. However, in the statement of activities, the costs of those capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period. | 2,307,356 |
| Loss on disposition of capital assets is not reported in the governmental funds. This is the loss on disposition of capital assets that occurred during the current period. | (36,000) |
| Intergovernmental revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 595,455 |
| Certain notes receivable are reported in the governmental funds as expenditures and then offset by a deferred revenue as they are not available to pay current expenditures. When the note is collected it is reflected in revenue. This amount is the net change between notes receivable collected and issued. | 155,097 |
| The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Issuance of bond principal is an other financing source and repayment of bond principal is an expenditure in governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the statement of net assets. | |
| Repayment of bond principal | 110,000 |
| Repayment of capital lease | 11,848 |
| Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period. | (81,638) |
| The amounts below included in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (net change). These are the current year changes: | |
| Interest payable | (64,755) |
| Internal service funds are used by management to charge the costs of certain activities, such as maintenance and risk management, to individual funds. The net revenues (expenses) of the internal service funds is reported under governmental activities. | <u>(631,769)</u> |
| Change in net assets of governmental activities | <u>\$ (769,394)</u> |

See Notes to Basic Financial Statements

CITY OF BRAWLEY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2009 with Comparative Statement as of June 30, 2008

| | Business-type Activities Enterprise Funds | | | |
|--|--|----------------------|----------------------|----------------------|
| | Water | | Wastewater | |
| | Current Year | Prior Year | Current Year | Prior Year |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and investments | \$ 26,916 | \$ - | \$ 2,432,983 | \$ 4,843,556 |
| Accounts receivable, net | 728,515 | 72,269 | 37,191 | 25,972 |
| Interest receivable | 121 | 801 | 15,194 | 34,538 |
| Due from other governments | 350,425 | 33,250 | | |
| Total current assets | <u>1,105,977</u> | <u>106,320</u> | <u>2,485,368</u> | <u>4,904,066</u> |
| Noncurrent Assets: | | | | |
| Restricted cash and investments with fiscal agents | | 131 | 467,495 | 466,359 |
| Capital assets not being depreciated | 115 | 115 | | |
| Construction in progress | | 505,321 | 2,746,173 | 1,735,107 |
| Capital assets, net of accumulated depreciation | 34,302,994 | 34,271,361 | 11,992,360 | 12,327,199 |
| Advances to other funds | | | 1,605,839 | |
| Total noncurrent assets | <u>34,303,109</u> | <u>34,776,928</u> | <u>16,811,867</u> | <u>14,528,665</u> |
| Total assets | <u>35,409,086</u> | <u>34,883,248</u> | <u>19,297,235</u> | <u>19,432,731</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts payable | 365,531 | 376,320 | 99,686 | 427,235 |
| Interest payable | 35,413 | 36,293 | 37,205 | 30,930 |
| Deposits payable | 376,093 | 392,535 | 5,931 | |
| Deferred revenue | 49,075 | 82,118 | | 15,838 |
| Due to other funds | | 480,385 | | |
| Current portion of long term debt | 1,172,450 | 1,171,450 | 298,899 | 280,353 |
| Total current liabilities | <u>1,998,562</u> | <u>2,539,101</u> | <u>441,721</u> | <u>754,356</u> |
| Noncurrent liabilities: | | | | |
| Compensated absences | 114,775 | 108,371 | 64,098 | 52,629 |
| Claims payable | | | | |
| Contracts payable, net of deferred gain and unamortized discount | 10,159,934 | 11,024,307 | 1,120,403 | 2,118,687 |
| Certificate of participation, net of unamortized discount | | | 1,979,788 | 1,265,557 |
| Revenue bonds payable, net of unamortized cost of issuance and premium | 3,163,235 | 3,316,554 | | |
| Advances from other funds | 1,605,839 | | | |
| Bonds payable | 124,500 | 139,400 | | |
| Total noncurrent liabilities | <u>15,168,283</u> | <u>14,588,632</u> | <u>3,164,289</u> | <u>3,436,873</u> |
| Total liabilities | <u>17,166,845</u> | <u>17,127,733</u> | <u>3,606,010</u> | <u>4,191,229</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 18,077,151 | 19,125,217 | 13,412,777 | 10,864,068 |
| Restricted for debt service | 787,721 | 687,966 | 430,290 | 435,429 |
| Unrestricted | (622,631) | (2,057,668) | 1,848,158 | 3,942,005 |
| Total net assets | <u>\$ 18,242,241</u> | <u>\$ 17,755,515</u> | <u>\$ 15,691,225</u> | <u>\$ 15,241,502</u> |

See Notes to Basic Financial Statements

| Business-type Activities Enterprise Funds | | | | | Governmental Activities Internal Service Funds |
|--|------------------|---------------------|---------------------|------------------------|--|
| Solid Waste | | Airport | | Current Year Totals | |
| Current Year | Prior Year | Current Year | Prior Year | | |
| \$ 179,476 | \$ 170,984 | \$ 539,989 | \$ 411,287 | \$ 3,179,364 | \$ 831,187 |
| 210 | 7,088 | | | 765,916 | |
| | | 1,566 | 2,065 | 16,881 | 3,765 |
| | | | 10,000 | 350,425 | 175,733 |
| <u>179,686</u> | <u>178,072</u> | <u>541,555</u> | <u>423,352</u> | <u>4,312,586</u> | <u>1,010,685</u> |
| | | | | 467,495 | |
| | | 1,950 | 1,950 | 2,065 | |
| | | | 236,619 | 2,746,173 | |
| | | 2,349,396 | 2,262,483 | 48,644,750 | 940,223 |
| | | | | 1,605,839 | |
| | | <u>2,351,346</u> | <u>2,501,052</u> | <u>53,466,322</u> | <u>940,223</u> |
| <u>179,686</u> | <u>178,072</u> | <u>2,892,901</u> | <u>2,924,404</u> | <u>57,778,908</u> | <u>1,950,908</u> |
| | | | | | |
| 161,755 | 155,579 | 22,979 | 22,755 | 649,951 | 45,713 |
| | | | | 72,618 | |
| | | 2,250 | 2,490 | 384,274 | |
| 2,229 | 9,390 | 1,385 | 2,800 | 52,689 | |
| | | | | 1,471,349 | |
| <u>163,984</u> | <u>164,969</u> | <u>26,614</u> | <u>28,045</u> | <u>2,630,881</u> | <u>45,713</u> |
| | | | | | |
| | | | | 178,873 | 8,624 |
| | | | | | 215,886 |
| | | | | 11,280,337 | |
| | | | | 1,979,788 | |
| | | | | 3,163,235 | |
| | | | | 1,605,839 | |
| | | | | 124,500 | |
| | | | | <u>18,332,572</u> | <u>224,510</u> |
| <u>163,984</u> | <u>164,969</u> | <u>26,614</u> | <u>28,045</u> | <u>20,963,453</u> | <u>270,223</u> |
| | | | | | |
| | | 2,351,346 | 2,501,052 | 33,841,274 | 940,223 |
| | | | | 1,218,011 | |
| 15,702 | 13,103 | 514,941 | 395,307 | 1,756,170 | 740,462 |
| <u>\$ 15,702</u> | <u>\$ 13,103</u> | <u>\$ 2,866,287</u> | <u>\$ 2,896,359</u> | <u>\$ 36,815,455</u> | <u>\$ 1,680,685</u> |

CITY OF BRAWLEY**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS**

For the Fiscal Year Ended June 30, 2009 with Comparative Statements for the Fiscal Year Ended June 30, 2008

| | Business-Type Activities Enterprise Funds | | | |
|---|--|---------------|---------------|---------------|
| | Water | | Wastewater | |
| | Current Year | Prior Year | Current Year | Prior Year |
| Operating Revenues: | | | | |
| Charges for services (net of refunds) | \$ 5,313,740 | \$ 4,953,613 | \$ 3,109,595 | \$ 2,714,224 |
| Use of money and property | 13,147 | 52,548 | | |
| Other | 85,972 | 297,242 | | 9,911 |
| Total operating revenues | 5,412,859 | 5,303,403 | 3,109,595 | 2,724,135 |
| Operating Expenses: | | | | |
| Salary and benefits | 1,288,289 | 1,216,329 | 444,243 | 395,874 |
| Administration | 305,700 | 333,300 | 223,900 | 187,300 |
| Supplies and services | 2,630,326 | 2,625,870 | 1,609,518 | 1,220,889 |
| Depreciation | 1,317,262 | 1,225,116 | 428,473 | 418,683 |
| Total operating expenses | 5,541,577 | 5,400,615 | 2,706,134 | 2,222,746 |
| Operating income (loss) | (128,718) | (97,212) | 403,461 | 501,389 |
| Non-Operating Revenues (Expenses): | | | | |
| Impact fees | 35,025 | 96,176 | 34,729 | 104,996 |
| Interest income | 1,647 | 9,562 | 98,504 | 218,040 |
| Amortization of gain on debt refunding | 293,332 | 311,606 | | |
| Intergovernmental revenue (expense) | 818,944 | (63,479) | | |
| Interest expense and fiscal charges | (587,298) | (615,466) | (161,599) | (167,002) |
| Total non-operating revenues (expenses) | 561,650 | (261,601) | (28,366) | 156,034 |
| Income (Loss) before transfers | 432,932 | (358,813) | 375,095 | 657,423 |
| Transfers: | | | | |
| Transfers in | | 690,537 | | |
| Total change in net assets before capital contributions | 432,932 | 331,724 | 375,095 | 657,423 |
| Capital contributions | 53,794 | | 74,628 | 184,006 |
| Changes in net assets | 486,726 | 331,724 | 449,723 | 841,429 |
| Total Net Assets - beginning | 17,755,515 | 17,423,791 | 15,241,502 | 14,400,073 |
| Total Net Assets - ending | \$ 18,242,241 | \$ 17,755,515 | \$ 15,691,225 | \$ 15,241,502 |

See Notes to Basic Financial Statements

| Business-Type Activities Enterprise Funds | | | | Current Year Totals | Governmental Activities Internal Service Funds |
|--|------------------|---------------------|---------------------|------------------------|--|
| Solid Waste | | Airport | | | |
| Current Year | Prior Year | Current Year | Prior Year | | |
| \$ 1,186,247 | \$ 1,142,805 | \$ 880 | \$ 1,346 | \$ 9,610,462 | \$ 2,089,804 |
| | | 131,238 | 134,419 | 144,385 | 532,133 |
| | | | | 85,972 | |
| <u>1,186,247</u> | <u>1,142,805</u> | <u>132,118</u> | <u>135,765</u> | <u>9,840,819</u> | <u>2,621,937</u> |
| | | | | 1,732,532 | 287,252 |
| | | 8,000 | 10,200 | 537,600 | |
| 1,183,846 | 1,157,103 | 157,160 | 99,163 | 5,580,850 | 3,001,752 |
| | | 188,159 | 188,159 | 1,933,894 | 180,927 |
| <u>1,183,846</u> | <u>1,157,103</u> | <u>353,319</u> | <u>297,522</u> | <u>9,784,876</u> | <u>3,469,931</u> |
| 2,401 | (14,298) | (221,201) | (161,757) | 55,943 | (847,994) |
| | | | | 69,754 | |
| 198 | 68 | 8,473 | 10,597 | 108,822 | 24,691 |
| | | | | 293,332 | |
| | | 182,656 | 274,588 | 1,001,600 | 176,009 |
| | | | | (748,897) | |
| <u>198</u> | <u>68</u> | <u>191,129</u> | <u>285,185</u> | <u>724,611</u> | <u>200,700</u> |
| 2,599 | (14,230) | (30,072) | 123,428 | 780,554 | (647,294) |
| | | | | | |
| <u>2,599</u> | <u>(14,230)</u> | <u>(30,072)</u> | <u>123,428</u> | <u>780,554</u> | <u>(647,294)</u> |
| | | | | 128,422 | 15,525 |
| 2,599 | (14,230) | (30,072) | 123,428 | 908,976 | (631,769) |
| 13,103 | 27,333 | 2,896,359 | 2,772,931 | 35,906,479 | 2,312,454 |
| <u>\$ 15,702</u> | <u>\$ 13,103</u> | <u>\$ 2,866,287</u> | <u>\$ 2,896,359</u> | <u>\$ 36,815,455</u> | <u>\$ 1,680,685</u> |

CITY OF BRAWLEY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2009 with Comparative Statements for the Fiscal Year Ended June 30, 2008

| | Business-Type Activities Enterprise Funds | | | |
|--|--|------------------|---------------------|---------------------|
| | Water | | Wastewater | |
| | Current Year | Prior Year | Current Year | Prior Year |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash received from customers and users | \$ 4,707,128 | \$ 5,340,722 | \$ 3,088,469 | \$ 2,741,407 |
| Cash payments to suppliers for goods and services | (2,946,815) | (3,288,088) | (2,160,967) | (1,081,465) |
| Cash received from (payments to) other funds | (480,385) | 480,385 | | |
| Cash payments for claims | | | | |
| Cash payments for employees and benefit programs | (1,281,885) | (1,214,860) | (432,774) | (379,394) |
| Net cash provided (used) by operating activities | (1,957) | 1,318,159 | 494,728 | 1,280,548 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | | |
| Transfers in | | 690,537 | | |
| Net cash provided (used) by non-capital financing activities | | 690,537 | | |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Impact fees | 35,025 | 96,176 | 34,729 | 104,996 |
| Intergovernmental revenue (expense) | 501,769 | 337,560 | | 5,000 |
| Purchase of capital assets | (843,574) | (1,731,328) | (1,104,700) | (742,884) |
| Capital contributions | 53,794 | | 74,628 | 184,006 |
| Advances from (to) other funds | 1,605,839 | | (1,605,839) | |
| Principal paid on debt | (1,171,451) | (1,170,850) | (280,353) | (288,391) |
| Interest paid on debt and fiscal charges | (139,329) | (158,728) | (141,614) | (162,794) |
| Net cash provided (used) by capital and related financing activities | 42,073 | (2,627,170) | (3,023,149) | (900,067) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest received | 12,243 | 19,478 | 117,848 | 232,872 |
| Net cash provided (used) by investing activities | 12,243 | 19,478 | 117,848 | 232,872 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 52,359 | (598,996) | (2,410,573) | 613,353 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR | | 598,996 | 4,843,556 | 4,230,203 |
| CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR | \$ 52,359 | \$ - | \$ 2,432,983 | \$ 4,843,556 |
| Reconciliation to Statement of Net Assets: | | | | |
| Cash and investments | \$ 26,916 | \$ - | \$ 2,432,983 | \$ 4,843,556 |
| CASH AND CASH EQUIVALENTS | \$ 26,916 | \$ - | \$ 2,432,983 | \$ 4,843,556 |

See Notes to Basic Financial Statements

| Business-Type Activities Enterprise Funds | | | | Current Year Totals | Governmental Activities Internal Service Fund |
|--|--------------|--------------|------------|------------------------|---|
| Solid Waste | | Airport | | | |
| Current Year | Prior Year | Current Year | Prior Year | | |
| \$ 1,185,964 | \$ 1,154,810 | \$ 132,118 | \$ 135,905 | \$ 9,113,679 | \$ 2,621,937 |
| (1,177,670) | (1,159,993) | (166,591) | (302,073) | (6,452,043) | (3,014,276) |
| | | | | (480,385) | (1,699) |
| | | | | (1,714,659) | (282,498) |
| 8,294 | (5,183) | (34,473) | (166,168) | 466,592 | (676,536) |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | 69,754 | |
| | | 192,656 | 264,588 | 694,425 | 151,636 |
| | | (38,453) | (206,996) | (1,986,727) | (186,781) |
| | | | | 128,422 | 15,525 |
| | | | | (1,451,804) | |
| | | | | (280,943) | |
| | | | | | |
| | | 154,203 | 57,592 | (2,826,873) | (19,620) |
| | | | | | |
| 198 | 1,710 | 8,972 | 8,729 | 139,261 | 30,779 |
| 198 | 1,710 | 8,972 | 8,729 | 139,261 | 30,779 |
| | | | | | |
| 8,492 | (3,473) | 128,702 | (99,847) | (2,221,020) | (665,377) |
| | | | | | |
| 170,984 | 174,457 | 411,287 | 511,134 | 5,425,827 | 1,496,564 |
| \$ 179,476 | \$ 170,984 | \$ 539,989 | \$ 411,287 | \$ 3,204,807 | \$ 831,187 |
| \$ 179,476 | \$ 170,984 | \$ 539,989 | \$ 411,287 | \$ 3,179,364 | \$ 831,187 |
| \$ 179,476 | \$ 170,984 | \$ 539,989 | \$ 411,287 | \$ 3,179,364 | \$ 831,187 |

(Continued)

CITY OF BRAWLEY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2009 with Comparative Statements for the Fiscal Year Ended June 30, 2008

(Continued)

| | Business-Type Activities Enterprise Funds | | | |
|--|--|--------------|--------------|--------------|
| | Water | | Wastewater | |
| | Current Year | Prior Year | Current Year | Prior Year |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Operating income (loss) | \$ (128,718) | \$ (97,212) | \$ 403,461 | \$ 501,389 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation | 1,317,262 | 1,225,116 | 428,473 | 418,683 |
| (Increase) decrease in accounts receivable | (656,246) | 62,546 | (11,219) | 16,180 |
| Increase (decrease) in accounts payable and accrued liabilities | (10,789) | (328,918) | (327,549) | 326,724 |
| Increase (decrease) in compensated absences | 6,404 | 1,469 | 11,469 | 16,480 |
| Increase (decrease) claims payable | | | | |
| Increase (decrease) in due to other funds | (480,385) | 480,385 | | |
| Increase (decrease) in deferred revenue | (33,043) | 4,565 | (15,838) | 1,092 |
| Increase (decrease) in deposits payable | (16,442) | (29,792) | 5,931 | |
| Total adjustments | 126,761 | 1,415,371 | 91,267 | 779,159 |
| Net cash provided by (used by) operating activities | \$ (1,957) | \$ 1,318,159 | \$ 494,728 | \$ 1,280,548 |

See Notes to Basic Financial Statements

| Business-Type Activities Enterprise Funds | | | | Current Year Totals | Governmental Activities Internal Service Fund |
|--|-------------|--------------|--------------|------------------------|---|
| Solid Waste | | Airport | | | |
| Current Year | Prior Year | Current Year | Prior year | | |
| \$ 2,401 | \$ (14,298) | \$ (221,201) | \$ (161,757) | \$ 55,943 | \$ (847,994) |
| | | 188,159 | 188,159 | 1,933,894 | 180,927 |
| 6,878 | 2,615 | | 140 | (660,587) | |
| 6,176 | (2,890) | 224 | (193,920) | (331,938) | (12,524) |
| | | | | 17,873 | 4,754 |
| | | | | (480,385) | (1,699) |
| (7,161) | 9,390 | (1,415) | 1,450 | (57,457) | |
| | | (240) | (240) | (10,751) | |
| 5,893 | 9,115 | 186,728 | (4,411) | 410,649 | 171,458 |
| \$ 8,294 | \$ (5,183) | \$ (34,473) | \$ (166,168) | \$ 466,592 | \$ (676,536) |

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

The City of Brawley is located in the southeastern part of the State of California, in the center of Imperial County, which with water provided by canal from the Colorado River, makes this one of the most fertile agricultural areas in the country. The City was incorporated on April 6, 1908, under the general laws of the State of California and enjoys all the rights and privileges pertaining to “General Law” cities.

The City is governed by a five member Council, elected at large for four years on staggered schedules. The Council selects the Mayor from its members, generally for a one year term. The Council has hired a City Manager to administer the daily affairs of the City.

The services provided by the City include police, fire, street maintenance, parks, recreation, library, water, wastewater, solid waste, airport, housing, planning, building inspection, and general administrative services.

A key element of the City’s financial management process is the preparation of the annual budget. Each year the City Manager presents to City Council a proposed budget, which includes all current balances and expected revenues and other financing sources of the City, and describes by department how those resources will be utilized. Under terms of various grant and financing agreements, the budget is to be adopted by the end of May, prior to the beginning of each fiscal year. The budget is adopted by motion of the City Council, and if amended, generally is done by resolution.

These basic financial statements present the financial status of the City and its component units, which are included in the City’s reporting entity because of the significance of their operational or financial relationships with the City. Component unit financial statements may be obtained from the City’s Department of Finance.

Blended Component Units – Blended component units, although legally separate entities, are, in substance, part of the City’s operations.

Community Redevelopment Agency of the City of Brawley – The Brawley Community Redevelopment Agency was established on April 5, 1976, pursuant to the State of California Health and Safety Code, Section 33000. The primary purpose of the Agency is to encourage private redevelopment of property and to rehabilitate areas suffering from economic disuse. The members of the City Council act as the governing body of the Agency and therefore, the Agency is reported as if it were part of the primary government.

Brawley Public Improvement Corporation – The Brawley Public Improvement Corporation was formed in October 1986 to issue certificates of participation to finance the construction of a wastewater treatment facility and issued additional certificates of participation in 1997 to finance a new water treatment plant. The only financial activity of the Public Improvement Corporation is the issuance and repayment of the certificates of participation and receipt of lease payments from the City pursuant to lease agreements between the City and the Public Improvement Corporation. Although it is legally separate from the City, the Public Improvement Corporation is reported as if it were part of the primary government because its sole purpose is to finance and construct public facilities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the primary government (City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the City's governmental activities. Direct expenses are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational need of a particular program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operation of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

C. Major Funds

GASB Statement No. 34, defines major funds and requires that the City's major governmental funds are identified and presented separately in the fund financial statements. All other funds, called nonmajor funds, are combined and reported in a single column, regardless of their fund-type.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Major Funds (Continued)

Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund

This fund accounts for all financial resources except those to be accounted for in another fund. It is the general operating fund of the City.

Economic and Community Development Fund

This fund accounts for revenues and expenditures of the Community Development Block Grant program and the related program income.

Community Redevelopment Agency Capital Projects Fund

This fund accounts for resources used to encourage private redevelopment of property and to rehabilitate areas suffering from economic disuse.

Streets Capital Projects Fund

This fund accounts for resources set aside for major improvements to local streets and roads.

The City reported the following major proprietary funds:

Water Fund

This fund accounts for the costs of treatment and distribution of drinking water to the community.

Wastewater Fund

This fund accounts for the costs of collection, treatment and disposal of sewage generated in the community.

Solid Waste Fund

This fund accounts for the costs of collection and disposal of trash and garbage generated in the community.

Airport Fund

This fund accounts for the costs of the City owned municipal airport. Although the amounts are not as significant as the other proprietary funds, this is the only other proprietary fund maintained by the City.

The City reported the following internal service funds:

Internal Service Funds

These funds account for maintenance of the City's fleet of vehicles and certain public facilities, and the costs of providing insurance, including risks maintained by the City, for general liability, property damage, unemployment benefits, workers' compensation, and employee health benefits.

D. Basis of Accounting

The basis of accounting determines when transactions are reported on the financial statements. The government-wide, proprietary and fiduciary funds financial statements are reported using the *economic resources measurement focus* and *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent that they have matured. Capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Revenues susceptible to accrual are property taxes and interest revenue. Sales taxes, and other amounts collected and held by the state at fiscal year end on behalf of the City also are recognized as revenue. Fines, licenses, permits and other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Proprietary funds distinguish between operating revenues and expenses from non-operating 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 City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures/expenses. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

E. 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 and funds for the Brawley Community Redevelopment Agency. Cash equivalents have an original maturity date of three months or less from the date of purchase.

F. Cash and Investments

Most cash balances of the City's funds and some of its component units are pooled and invested by the City Treasurer. Unless otherwise dictated by legal or contractual requirements, income earned or losses arising from the investment pooled cash are allocated on a monthly basis to the participating funds and component units based on their proportionate shares of the average weekly cash balance.

Investments are stated at fair value. Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. For purposes of the statement of cash flows, the City has defined cash and cash equivalents to be change and petty cash funds, equity in the City's cash and investment pool and restricted, non-pooled investments with initial maturities of three months or less.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

Revenue from taxpayer-assessed taxes (sales and use, business license, gas, and franchise fees) is accrued in the Governmental Funds when they are both measurable and available. The City considers these taxes available if they are received within 30 days after fiscal year end.

Grants, entitlements, or shared revenues are recorded as receivables and revenues in the General, Special Revenue, and Capital Projects Funds when they are received or susceptible to accrual. Grants awarded for Proprietary Funds are recorded as receivables and nonoperating revenues when they are earned and are measurable.

Utility service accounts receivable are reported net of allowance for doubtful collections.

H. Interfund Transactions

Activities between funds that are representative of lending/borrowing outstanding at the end of the fiscal year are referred to as either “interfund receivables/payables” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”.

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

With Council approval, resources may be transferred from one City fund to another. Transfers are used to (1) move revenues from one fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in the other funds in accordance with budget authorizations.

I. Property Tax

The City's property taxes are levied on the first day of January by the County assessor, and are payable to the County tax collector in two installments.

The first installment is due November 1st, and is delinquent after December 10th; the second installment is due February 1st and is delinquent after April 10th. Taxes become a lien on the property on January 1st, and on the date of the transfer of the title, and the date of new construction.

The minimum property value which is taxed is \$2,000; however, tax bills are prepared for properties valued at less than \$2,000 if there is a special assessment to be collected.

Article 13A of the California Constitution states: “The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent tax is to be collected by the Counties and appointed according to law to the districts within the counties.”

The City has elected under State law (TEETER) to receive all of the annual property assessments in three installments as follows:

| | |
|----------|-------------|
| December | 55% |
| April | 40% |
| June | 5% |
| | <u>100%</u> |

J. Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories for governmental funds are recorded as expenditures when consumed rather than when purchased.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Restricted Assets

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 for property, plant, and equipment and \$25,000 for infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the City, as well as the component units, are depreciated using the straight line method over their estimated lives of 2 to 50 years.

M. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits and sick leave. All vacation and sick leave benefits are accrued as earned by employees. All vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds if they have matured, for example, as a result of employee resignation and retirements.

N. Self-insurance

The City is self-insured for worker's compensation, general liability, auto liability, and certain other risks. The City's workers' compensation activities are funded and accounted for separately in the fund financial statements based upon the activities of each fund. The current portion of claims liability are accounted for in the General Fund and the enterprise funds on the basis of settlements reached or judgments entered within the current fiscal year. In the government-wide financial statements and the enterprise fund financial statements, the estimated liability for all self-insurance liability claims is recorded as a liability.

O. Long-term Debt, Discount, Premiums, and Issuance Costs

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Assets and Fund Equity

In the government-wide financial statements and proprietary fund financial statements, net assets are reported in three categories under GASB Statement No. 34. These captions apply only to net assets, which are determined only at the government-wide level, proprietary funds, and fiduciary funds 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.

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, redevelopment funds restricted for low-and-moderate income purposes, and gas tax funds for street construction.

Unrestricted describes the portion of net assets which is not restricted as to use.

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

Q. Use of Estimates

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

R. Fiscal Year

The fiscal year of the City begins on July 1 and ends on June 30.

S. Use of Restricted Resources

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

T. Comparative Data

Comparative data for the prior fiscal year has been presented in certain statements of the accompanying financial statements, in order to provide an understanding of changes in the City's financial position and operations.

U. New Accounting Pronouncements

The City has implemented the requirements of GASB Statements No. 45, No. 49, No. 52, No. 55, and No. 56 during the fiscal year ended June 30, 2009.

GASB Statement No. 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions

This Statement is effective for periods beginning July 1, 2008. This Statement establishes standards for accounting and financial reporting for state and local government employees that offer "Other Postemployment Benefits" (OPEB) and requires accrual basis measurement and recognition of OPEB expenses and liabilities that will result in recognition of expenses over periods that approximate employees' years of service. The City does not offer any "Other Postemployment Benefits".

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. New Accounting Pronouncements (Continued)

GASB Statement No. 49 – Accounting and Financial Reporting for Pollution Remediation Obligations

This Statement is effective for periods beginning after December 15, 2007. The Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the document excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post-closure care and nuclear power plant decommissioning.

GASB Statement No. 52 – Land and Other Real Estate Held as Investments by Endowments

This Statement is effective for periods beginning after June 15, 2008. The Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

GASB Statement No. 55 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

This Statement is effective as of April 2, 2009. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles.

GASB Statement No. 56 – Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements of Auditing Standards

This Statement is effective as of April 16, 2009. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles – related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The City Council is required to adopt an annual budget resolution by July 1st of each fiscal year for the General Fund, special revenue, capital projects, debt service, and enterprise funds. These budgets are adopted and presented for reporting purposes on a basis consistent with generally accepted accounting principles.

The appropriated budget is prepared by fund, function, and department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The City Council made several supplemental budgetary appropriations throughout the fiscal year.

B. Deficit Fund Balances

For the fiscal year ending June 30, 2009, no funds had a deficit fund balance.

C. Excess of Expenditures over Appropriations

There were no major funds with excess of expenditures over appropriation.

There was no legally adopted budget for the major fund – Streets Capital Projects Fund.

CITY OF BRAWLEY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Primary Government:

Statement of net assets:

| | |
|---|----------------------|
| Cash and investments | \$ 19,978,688 |
| Restricted cash and investments | 848,464 |
| | <hr/> |
| Total cash and investments, Statement of Net Assets | <u>\$ 20,827,152</u> |

Cash and investments as of June 30, 2009 consist of the following:

| | |
|--------------------------------------|----------------------|
| Cash on hand | \$ 4,175 |
| Deposits with financial institutions | 1,193,487 |
| Investments | 19,629,490 |
| | <hr/> |
| Total cash and investments | <u>\$ 20,827,152</u> |

A. 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 of Brawley (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.

| <u>Authorized Investment Type</u> | <u>Maximum Maturity</u> | <u>Maximum Percentage of Portfolio</u> | <u>Maximum Investment in One Issuer</u> |
|--|-------------------------|--|---|
| Local Government Bonds | 5 years | None | None |
| U.S. Treasury Obligations | 5 years | 10% | None |
| U.S. Government Agency Issues | 5 years | 10% | None |
| Banker's Acceptances | 270 days | 40% | 30% |
| Commercial Paper, Prime Quality | 180 days | 40% | 10% |
| Time Certificates of Deposit | 3 years | 25% | None |
| Negotiable Certificates of Deposit | 3 years | 30% | None |
| Repurchase and Reverse Repurchase Agreements | 1 year | 20% | None |
| Medium-Term Notes | 5 years | 30% | 15% |
| Mutual Funds | 5 years | 20% | 10% |
| Money Market Mutual Funds | 5 years | 20% | 10% |
| Local Agency Investment Fund (State Pool) | N/A | None | None |

CITY OF BRAWLEY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

B. 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 |
| Mortgage-backed Securities | 3 years | None | None |
| Banker's Acceptances | 360 days | None | None |
| Commercial Paper | None | None | None |
| Negotiable Certificates of Deposit | None | None | None |
| Investment Agreements | None | None | None |
| Repurchase Agreements | 30 days | None | None |
| Money Market Mutual Funds | N/A | None | None |
| Local Agency Investment Fund (State Pool) | N/A | None | None |

C. 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 (including investments held by bond trustees) 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 (in Months) | | | |
|--|---------------|--------------------------------|-----------------|--------------|---------------------|
| | | 12 Months or Less | 13 to 24 Months | 25-60 Months | More Than 60 Months |
| Local Agency Investment Fund Held by debt trustees: | \$ 18,781,073 | \$ 18,781,073 | \$ - | \$ - | \$ - |
| Money Market Mutual Funds | 848,417 | 848,417 | | | |
| | \$ 19,629,490 | \$ 19,629,490 | \$ - | \$ - | \$ - |

D. Investments with Fair Values 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.

CITY OF BRAWLEY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

E. Disclosures Relating to 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 | Rating as of Fiscal Year End | | | | |
|--|----------------------|----------------------------|------------------------------|-------------------|-------------|-------------|----------------------|
| | | | Exempt From Disclosure | AAA | AA | A | Not Rated |
| Local Agency Investment Fund Held by debt trustees: | \$ 18,781,073 | N/A | \$ - | \$ - | \$ - | \$ - | \$ 18,781,073 |
| Money Market Mutual Funds | 848,417 | | | 848,417 | | | |
| | <u>\$ 19,629,490</u> | | <u>\$ -</u> | <u>\$ 848,417</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 18,781,073</u> |

F. Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There was no investment in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of total City investments.

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 government 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 City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2009, \$1,026,715 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

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 BRAWLEY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Long-Term Advances

Advances to/from other funds are non-current interfund loans and are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriations and are not expendable available financial resources.

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-------------------------------------|--------------------------------|---------------|
| Enterprise Fund: Wastewater Fund | Enterprise Fund: Waste Fund | \$ 1,605,839 |

B. Interfund Transfers

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|-------------------------------|-------------------------|--------------------------|
| Major Governmental Funds: | | |
| General | \$ - | \$ 483 |
| Streets Capital Projects Fund | 2,862,395 | |
| CRA Capital Projects | | 2,434,395 |
| Nonmajor Governmental Funds: | | |
| Special Revenue Funds: | | |
| Measure D | | 250,000 |
| SB 325 | | 178,000 |
| Downtown Parking | 483 | |
| Capital Projects: | | |
| Park Projects | | 175,592 |
| Development Impact | 175,592 | |
| Total | <u>\$ 3,038,470</u> | <u>\$ 3,038,470</u> |

In general, the City uses interfund transfers to (1) move revenues from the funds that collect them to the funds that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to help finance various programs and capital projects accounted for in other funds in accordance with budgetary authorization, and (3) move cash to debt service funds from the funds responsible for payment as debt service payments become due.

In general, the effect of the interfund activity has been eliminated from the government-wide financial statements.

CITY OF BRAWLEY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 5 – LOANS RECEIVABLE

Loans receivable amounts primarily represent loans made for redevelopment, economic development, and property rehabilitation.

Economic & Community Development Special Revenue Fund

| | |
|--|---------------------|
| CDBG loan to Valley Lube & Wash, receivable in installments of \$1,109.53 per month including interest at 6%. Secured by deed of trust. | \$ 97,972 |
| CDBG loan to IV Home Health Care receivable in installments of \$2,796.45 per month including interest at 4.5%. Due 5 years from date of execution. Secured by deed of trust. | 120,296 |
| Note to Brawley Beef, LLC receivable in the amount of \$200,000. First payment on the note is due 3/13/2010 in amount of 20% of principal and accrued interest at 1% per annum. Payments will be forgiven as long as Brawley Beef, LLC follows certain employment covenants. | 200,000 |
| Loan to Luis Rodriguez, individually and DBA Moyle Electric receivable in installments of \$368.33 per month including interest at 4%. Secured by deed of trust. | 3,260 |
| Loan to Merry Haynes & Sheila Riley, DBA The Rock Coffee Shop and Café receivable in installments of \$1,822.18 per month including interest at 4.75%. Secured by deed of trust. | 79,515 |
| CDBG loan to A&S Health Services receivable in installments of \$2,416.60 per month including interest at 6%. Secured by deed of trust. | 32,597 |
| HOME Investment Partnerships Program Loan to BESA, L.P., C/O Chelsea Investment Corporation. Annual payments are in the amount equal to 50% of the residual receipts from the apartment complex. Payments are due 90 days following the end of the calendar year with respect to the preceding year. | 3,400,000 |
| Loan to Edward and Martha Singh receivable in the installment of \$756.45 per month including interest at 6.5%. Secured by deed of trust. | 42,409 |
| Deferred notes receivable. No installment payments of principal or interest are required until the loans reach their maturity. Secured by deeds of trust | 4,827,177 |
| | <u>\$ 8,803,226</u> |

Community Redevelopment Agency Capital Projects Fund

| | |
|--|-------------------|
| Loan to Larry Allen receivable in installments of \$1,936.56 per month including interest at 6%. Secured by deed of trust. | \$ 145,664 |
| Loan to Larry Allen receivable in installments of \$767.25 per month including interest at 6%. Secured by deed of trust. | 138,629 |
| | <u>\$ 284,293</u> |

CITY OF BRAWLEY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009 was as follows:

| | Balance as of July 1, 2008 | Additions | Deletions | Transfers | Balance as of June 30, 2009 |
|-------------------------------------|-------------------------------|--------------|-------------|-------------|--------------------------------|
| Governmental Activities | | | | | |
| Nondepreciable capital assets | | | | | |
| Land | \$ 823,293 | \$ - | \$ - | \$ - | \$ 823,293 |
| Construction in progress | 4,570,383 | 644,210 | (36,000) | (2,622,716) | 2,555,877 |
| Total nondepreciable capital assets | 5,393,676 | 644,210 | (36,000) | (2,622,716) | 3,379,170 |
| Depreciable capital assets | | | | | |
| Equipment | 6,522,194 | 767,241 | | | 7,289,435 |
| Buildings | 4,920,582 | | | 1,424,038 | 6,344,620 |
| Improvements other than buildings | 2,950,354 | 2,751,676 | | 296,739 | 5,998,769 |
| Infrastructure | 13,995,396 | 163,498 | | 901,939 | 15,060,833 |
| Total depreciable capital assets | 28,388,526 | 3,682,415 | | 2,622,716 | 34,693,657 |
| Less accumulated depreciation | | | | | |
| Equipment | (3,944,847) | (496,311) | | | (4,441,158) |
| Buildings | (2,016,740) | (143,295) | | | (2,160,035) |
| Improvements other than buildings | (1,121,054) | (155,194) | | | (1,276,248) |
| Infrastructure | (2,877,798) | (1,218,615) | | | (4,096,413) |
| Total accumulated depreciation | (9,960,439) | (2,013,415) | | | (11,973,854) |
| Net depreciable capital assets | 18,428,087 | 1,669,000 | | 2,622,716 | 22,719,803 |
| Net capital assets | \$ 23,821,763 | \$ 2,313,210 | \$ (36,000) | \$ - | \$ 26,098,973 |

Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|--|--------------|
| General government | \$ 196,233 |
| Public safety | 452,188 |
| Streets and highways | 1,025,318 |
| Community development | 130,558 |
| Culture and recreation | 209,118 |
| Total Depreciation Expense - Governmental Activities | \$ 2,013,415 |

| | Balance as of July 1, 2008 | Additions | Transfers | Balance as of June 30, 2009 |
|-------------------------------------|-------------------------------|-------------|-----------|--------------------------------|
| Business-type Activities | | | | |
| Nondepreciable capital assets | | | | |
| Land | \$ 2,065 | \$ - | \$ - | \$ 2,065 |
| Construction in progress | 2,477,047 | 1,011,066 | (741,940) | 2,746,173 |
| Total nondepreciable capital assets | 2,479,112 | 1,011,066 | (741,940) | 2,748,238 |
| Depreciable capital assets | | | | |
| Equipment | 2,462,569 | 5,137 | | 2,467,706 |
| Buildings | 30,959,413 | | | 30,959,413 |
| Improvements other than buildings | 4,120,942 | 38,453 | 236,619 | 4,396,014 |
| Conveyance systems | 33,277,135 | 932,071 | 505,321 | 34,714,527 |
| Total depreciable capital assets | 70,820,059 | 975,661 | 741,940 | 72,537,660 |
| Less accumulated depreciation | | | | |
| Equipment | (1,379,897) | (95,565) | | (1,475,462) |
| Buildings | (8,456,137) | (914,031) | | (9,370,168) |
| Improvements other than buildings | (1,780,462) | (204,861) | | (1,985,323) |
| Conveyance systems | (10,342,520) | (719,437) | | (11,061,957) |
| Total accumulated depreciation | (21,959,016) | (1,933,894) | | (23,892,910) |
| Net depreciable capital assets | 48,861,043 | (958,233) | 741,940 | 48,644,750 |
| Net capital assets | \$ 51,340,155 | \$ 52,833 | \$ - | \$ 51,392,988 |

CITY OF BRAWLEY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the business-types activities as follows:

| | |
|---|---------------------|
| Water | \$ 1,317,262 |
| Wastewater | 428,473 |
| Airport | <u>188,159</u> |
| Total Depreciation Expense - Business-type Activities | <u>\$ 1,933,894</u> |

NOTE 7 –LONG-TERM DEBT

Governmental Activities

The following is a summary of long-term debt activity of the City's governmental activities for the fiscal year ended June 30, 2009:

| | Balance as of July 1, 2008 | Additions | Reductions | Balance as of June 30, 2009 | Due Within One Year |
|---------------------------------|-------------------------------|-------------------|---------------------|--------------------------------|------------------------|
| Governmental Activities: | | | | | |
| Tax allocation bonds 2006 | \$ 5,875,000 | \$ - | \$ (110,000) | \$ 5,765,000 | \$ 115,000 |
| Capital lease | 138,680 | | (11,848) | 126,832 | 12,612 |
| Claims payable | 284,355 | | (68,469) | 215,886 | |
| Compensated absences | 852,178 | 138,357 | (51,965) | 938,570 | |
| Total long-term liabilities | <u>\$ 7,150,213</u> | <u>\$ 138,357</u> | <u>\$ (242,282)</u> | <u>\$ 7,046,288</u> | <u>\$ 127,612</u> |

2006 Tax Allocation Bonds Payable

On October 3, 2006, the Community Redevelopment Agency issued \$5,875,000 of 2006 Tax Allocation Bonds. Interest is payable semiannually each April 1 and October 1 with principal due each October 1 beginning in 2008 with final maturity in 2036. The bonds were issued with interest rates varying between 3.65% and 5.00% Proceeds from the issue are to be used to finance improvements, fund a reserve account, fund a capitalized interest account, and pay costs of issuance. Tax increment revenue is pledged against the bonds. The balance payable at June 30, 2009 is \$5,765,000.

The scheduled annual minimum debt service requirements at June 30, 2009 are as follows:

| Fiscal Year Ended June 30, | Principal | Interest | Total |
|-------------------------------|---------------------|---------------------|----------------------|
| 2010 | \$ 115,000 | \$ 257,008 | \$ 372,008 |
| 2011 | 115,000 | 252,954 | 367,954 |
| 2012 | 120,000 | 248,753 | 368,753 |
| 2013 | 125,000 | 244,280 | 369,280 |
| 2014 | 130,000 | 239,530 | 369,530 |
| 2015-2019 | 730,000 | 1,115,482 | 1,845,482 |
| 2020-2024 | 895,000 | 944,809 | 1,839,809 |
| 2025-2029 | 1,125,000 | 719,487 | 1,844,487 |
| 2030-2034 | 1,395,000 | 429,475 | 1,824,475 |
| 2035-2037 | <u>1,015,000</u> | <u>77,875</u> | <u>1,092,875</u> |
| Totals | <u>\$ 5,765,000</u> | <u>\$ 4,529,653</u> | <u>\$ 10,294,653</u> |

CITY OF BRAWLEY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 7 –LONG-TERM DEBT (CONTINUED)

Capital Lease

The City has entered into a lease agreement as lessee for financing the acquisition of a park facility lighting system having a purchase price of \$149,731. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, including interest are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|-------------------|------------------|-------------------|
| 2010 | \$ 12,612 | \$ 8,173 | \$ 20,785 |
| 2011 | 13,425 | 7,360 | 20,785 |
| 2012 | 14,290 | 6,495 | 20,785 |
| 2013 | 15,210 | 5,575 | 20,785 |
| 2014 | 16,190 | 4,594 | 20,784 |
| 2015-2017 | 55,105 | 7,250 | 62,355 |
| Total | <u>\$ 126,832</u> | <u>\$ 39,447</u> | <u>\$ 166,279</u> |

Business-Type Activities

The following is a summary of long-term debt activity of the City's business-type activities for the fiscal year ended June 30, 2009:

| | Balance as of July 1, 2008 | Additions | Reductions | Balance as of June 30, 2009 | Due Within One Year |
|----------------------------------|-------------------------------|------------------|-----------------------|--------------------------------|------------------------|
| Business-type Activities: | | | | | |
| Contracts payable | \$ 15,325,371 | \$ - | \$ (1,132,904) | \$ 14,192,467 | \$ 1,136,449 |
| Deferred gain | 2,160,451 | | (293,332) | 1,867,119 | |
| Unamortized discount | (3,209,925) | | 426,508 | (2,783,417) | |
| Certificates of participation | 1,475,000 | | (145,000) | 1,330,000 | 160,000 |
| Unamortized discount | (64,443) | | 14,847 | (49,596) | |
| Revenue bonds payable | 3,545,000 | | (160,000) | 3,385,000 | 160,000 |
| Unamortized issuance costs | (98,481) | | 9,612 | (88,869) | |
| Unamortized premium | 30,035 | | (2,930) | 27,105 | |
| Bonds payable | 153,300 | | (13,900) | 139,400 | 14,900 |
| Compensated absences | 161,000 | 17,873 | | 178,873 | |
| Total long-term liabilities | <u>\$ 19,477,308</u> | <u>\$ 17,873</u> | <u>\$ (1,297,099)</u> | <u>\$ 18,198,082</u> | <u>\$ 1,471,349</u> |

Water Enterprise Fund: Contracts Payable and Defeased Certificates of Participation

On May 5, 1998, the Brawley Public Improvement Corporation sold Certificates of Participation in the amount of \$17,755,000 with an average interest rate of 4.88% to advance refund \$17,755,000 of then outstanding 1996 Certificates of Participation with an average interest rate of 6.27%. As a result, the 1996 Certificates are considered to be defeased and the liability for those certificates has been removed from the Water Enterprise Fund. The balance of the 1996 refunded certificates outstanding as of June 30, 2009 is \$14,110,000.

On July 2, 2001, the City borrowed \$15,823,475 from the California Department of Water Resources (DOWR), at an interest rate of 0 %, to advance refund \$16,050,000 of outstanding 1998 Certificates of Participation with an average interest rate of 4.88 %. The proceeds were used to purchase U.S. Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1998 Certificates of Participation. As a result, the 1998 Certificates are considered to be defeased and the liability for those certificates has been removed from the Water Enterprise Fund. The balance of 1998 refunded certificates outstanding as of June 30, 2009 is \$12,495,000.

CITY OF BRAWLEY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 7 – LONG-TERM DEBT (CONTINUED)

Water Enterprise Fund: Contracts Payable and Defeased Certificates of Participation (Continued)

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,119,886. This difference, to be reported in the financial statements as a deduction from contracts payable, is being charged to operations through the fiscal year ending June 30, 2021 using the effective interest method. The balance payable as of June 30, 2009, including deferred gain of \$1,421,384, and net of unamortized discount of \$2,337,682 is \$8,577,784. Debt service requirements to maturity on the contract, which includes imputed interest, are as follows:

| Fiscal Year Ending June 30, | Principal | Imputed Interest | Total |
|--------------------------------|---------------------|---------------------|---------------------|
| 2010 | \$ 453,495 | \$ 337,679 | \$ 791,174 |
| 2011 | 475,494 | 315,680 | 791,174 |
| 2012 | 498,560 | 292,613 | 791,173 |
| 2013 | 522,746 | 268,428 | 791,174 |
| 2014 | 548,105 | 243,069 | 791,174 |
| 2015-2019 | 3,166,108 | 789,761 | 3,955,869 |
| 2020-2021 | 1,491,894 | 90,450 | 1,582,344 |
| | <u>\$ 7,156,402</u> | <u>\$ 2,337,680</u> | <u>\$ 9,494,082</u> |

On April 23, 2002, the City borrowed \$4,127,516 from the DOWR, at an interest rate of 0%, to refund a previous DOWR contract having a balance of \$4,852,058 with an interest rate of 3.0315 %. The City also paid \$724,542 towards the refunding. As result, the previous contract has been repaid and the liability has been removed from the Water Enterprise Fund.

There is no difference between the reacquisition price and the carrying amount of the old debt. The balance payable as June 30, 2009, including deferred gain of \$445,735 and net of unamortized discount of \$445,735 is \$2,579,698. Debt service requirements to maturity which includes imputed interest, are as follows:

| Fiscal Year Ending June 30, | Principal | Imputed Interest | Total |
|--------------------------------|---------------------|---------------------|---------------------|
| 2010 | \$ 142,758 | \$ 63,617 | \$ 206,375 |
| 2011 | 147,119 | 59,257 | 206,376 |
| 2012 | 151,613 | 54,763 | 206,376 |
| 2013 | 156,244 | 50,132 | 206,376 |
| 2014 | 161,016 | 45,360 | 206,376 |
| 2015-2019 | 881,928 | 149,951 | 1,031,879 |
| 2020-2023 | 493,284 | 22,656 | 515,940 |
| | <u>\$ 2,133,962</u> | <u>\$ 445,736</u> | <u>\$ 2,579,698</u> |

Water Enterprise Fund: Revenue Bonds Payable

On October 1, 2004, the City participated in a pooled revenue bond issue with the California Statewide Communities Development Authority (CSCDA). The CSCDA issued \$4,000,000 of revenue bonds on behalf of the City for its Water enterprise fund, at an average interest rate of 4.37% and a final maturity of October 1, 2024. The balance payable as of June 30, 2009, including unamortized premium of \$27,105, and net of unamortized costs of issuance of \$88,869 is \$3,323,236. Debt service requirements to maturity on the revenue bonds are as follows:

CITY OF BRAWLEY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 7 – LONG-TERM DEBT (CONTINUED)

Water Enterprise Fund: Revenue Bonds Payable (Continued)

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|---------------------|---------------------|---------------------|
| 2010 | \$ 160,000 | \$ 139,610 | \$ 299,610 |
| 2011 | 165,000 | 135,177 | 300,177 |
| 2012 | 170,000 | 130,108 | 300,108 |
| 2013 | 175,000 | 124,499 | 299,499 |
| 2014 | 180,000 | 118,418 | 298,418 |
| 2015-2019 | 1,005,000 | 484,311 | 1,489,311 |
| 2020-2024 | 1,245,000 | 240,250 | 1,485,250 |
| 2025 | 285,000 | | 285,000 |
| | <u>\$ 3,385,000</u> | <u>\$ 1,372,373</u> | <u>\$ 4,757,373</u> |

Water Enterprise Fund: Water District Bonds Payable

On June 1, 1977, the Brawley County Water District issued Bonds totalling \$368,000. Subsequently, the Brawley County Water District was annexed by the City at which time these outstanding bonds became a reportable obligation of the City. All funds to pay the outstanding bonds continue to be collected and paid by the County of Imperial. The bonds bear interest at a rate of 5% with a final maturity date of June 1, 2017. The balance as of June 30, 2009 is \$139,400. Debt service requirements to maturity on the Water District Bonds are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|-------------------|------------------|-------------------|
| 2010 | \$ 14,900 | \$ 6,970 | \$ 21,870 |
| 2011 | 15,500 | 6,225 | 21,725 |
| 2012 | 16,500 | 5,450 | 21,950 |
| 2013 | 17,000 | 4,625 | 21,625 |
| 2014 | 18,100 | 3,775 | 21,875 |
| 2015-2017 | 57,400 | 5,845 | 63,245 |
| | <u>\$ 139,400</u> | <u>\$ 32,890</u> | <u>\$ 172,290</u> |

Wastewater Enterprise Fund: Contracts Payable

As of June 30, 2009, the City has received advances totalling \$2,759,775 from the California Infrastructure and Economic Development Bank (CIEDB). The purpose is to help finance improvements to the wastewater system. The balance payable as of June 30, 2009 is \$2,118,687. Debt service requirements to maturity on the contract are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|---------------------|-------------------|---------------------|
| 2010 | \$ 138,899 | \$ 53,690 | \$ 192,589 |
| 2011 | 142,538 | 50,003 | 192,541 |
| 2012 | 146,273 | 46,220 | 192,493 |
| 2013 | 150,105 | 42,337 | 192,442 |
| 2014 | 154,038 | 38,353 | 192,391 |
| 2015-2019 | 832,884 | 128,250 | 961,134 |
| 2020-2023 | 553,950 | 22,020 | 575,970 |
| | <u>\$ 2,118,687</u> | <u>\$ 380,873</u> | <u>\$ 2,499,560</u> |

CITY OF BRAWLEY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 7 – LONG-TERM DEBT (CONTINUED)

Wastewater Enterprise Fund: Certificates of Participation

On December 11, 1997, the City of Brawley Public Improvement Corporation sold Certificates of Participation in the amount of \$2,845,000 with an average interest rate of 4.62% to refund on a current basis \$2,520,000 of outstanding 1987 Certificates of Participation with an average interest rate of 7.00%. The Certificates are payable solely from lease payments pursuant to a lease agreement between the City and the Public Improvement Corporation. The City is required under the lease agreement to make lease payments as rental for use and possession of the wastewater treatment facility which are equal to the debt service requirements of the Certificates. The balance payable as of June 30, 2009, net of unamortized discount of \$49,596 is \$1,280,404. Debt service requirements to maturity on the certificates of participation are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|---------------------|-------------------|---------------------|
| 2010 | \$ 160,000 | \$ 65,680 | \$ 225,680 |
| 2011 | 170,000 | 58,160 | 228,160 |
| 2012 | 180,000 | 50,000 | 230,000 |
| 2013 | 190,000 | 41,000 | 231,000 |
| 2014 | 200,000 | 31,500 | 231,500 |
| 2015-2016 | 430,000 | 32,500 | 462,500 |
| | <u>\$ 1,330,000</u> | <u>\$ 278,840</u> | <u>\$ 1,608,840</u> |

NOTE 8 – RISK MANAGEMENT

An internal service fund is used to account for the City’s risk management and insurance programs, including self-insurance, commercial insurance, and participation in a public entity risk pool. Operating revenues of this fund consist of payments from other City funds and are based upon estimated cost of excess insurance premiums, self-insurance losses, and other operating expenses.

The City is self-insured for unemployment claims. Health insurance is purchased from an independent carrier. The City is a member of the California Joint Powers Insurance Authority (Authority) for workers’ compensation and for liability and property damage coverage as outlined below.

The Authority is a consortium of 107 California public entities. The Authority’s governing board consists of one member from each participating agency and is responsible for the selection of management as well as budgeting and financing. Insurance activities are financed by charges to members, and no long-term debt has been incurred. Actual annual premiums are determined using a retrospective method. At June 30, 2009, and as in the prior fiscal year, the City was self-insured for each general liability loss to the extent of \$30,000. At June 30, 2009, and as in the prior fiscal year, the City was self-insured for each workers’ compensation loss to the extent of \$50,000. Losses above \$30,000 for general liability, and above \$50,000 for workers’ compensation, are shared by the participating agencies, or covered by excess insurance coverage obtained by the Authority.

The City has had no settlements which exceeded insurance coverage in the last three fiscal years, and no changes in insurance coverage from the prior year.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial. The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City Attorney the resolution of these matters will not have a materially adverse effect on the financial position of the City

NOTE 10 – NON-COMMITMENT DEBT

The City issued \$5,200,000 of multifamily housing revenue bonds through the California Statewide Communities Development Authority (CSCDA) to assist a developer in the construction of an apartment complex for senior citizens, including those of low income. The bonds are secured by the property financed and are payable solely from income generated by the property. The City is not obligated in any manner for repayment of the bonds and accordingly, the bonds are not recorded as liabilities in the accompanying financial statements. As of June 30, 2009, the amounts of bonds outstanding totaled \$5,200,000.

Also, to assist in the construction of this apartment complex, the City received a grant from the Home Investment Partnerships (HOME) Program, and \$3,400,000 of the grant was loaned to the developer. The terms of the loan provide for an interest rate of 1 percent and a repayment term of 55 years, with payments to be made from the “residual receipts” of the project as defined in the loan agreement.

NOTE 11 – JOINT VENTURES

Local Transportation Authority:

The City is a participant, along with Imperial County and the other cities in the county, in the Imperial County Local Transportation Authority (LTA). The LTA is considered a joint venture without equity interest. The City is also not obligated in any manner for debt of the LTA. Each participating jurisdiction appoints one member to the governing board of the LTA. The LTA was approved by voters of Imperial County at a special election on November 8, 1989. The ballot measure (Measure D) increased the sales tax in Imperial County by one-half of one percent (0.5%) for a period of twenty years, to provide funding for transportation improvements. The revenues are allocated to each participating jurisdiction based on a formula contained in the ballot measure. The City received \$621,052 as its share of revenues from this source in the fiscal year ended June 30, 2009, and that amount is accounted for in the Measure D Sales Tax Special Revenue Fund.

On May 8, 2003 the LTA issued \$6,670,000 of sales tax refunding and new money bonds to refund on a current basis all of a previous bond issue and to fund certain transportation projects for the City and another member of the LTA. The amount made available to the City by this issue was \$1,849,216. The LTA has pledged the City’s share of sales tax revenue as security for the amount. The amount received this fiscal year as shown above is net of the City’s share of debt service required on this bond issue. The City has no other liability for the debt.

Additional financial information on the LTA is available from the Imperial County Public Works Department.

Imperial Valley Emergency Communications Authority:

The City is a participant, along with Imperial County and the other cities in the county, in the Imperial Valley Emergency communications authority (IVECA). IVECA is considered a joint venture without equity interest. The purpose of IVECA is to extend an 800 MHz radio system from San Diego into Imperial County, to provide improved communications for public safety and emergency services. IVECA has entered into a lease purchase agreement with Motorola Inc. to provide the infrastructure system needed. The City’s cost of the lease purchase agreement is \$63,715 per year for seven years, and began in the fiscal year ended June 30, 2004. It is also anticipated that IVECA will provide centralized dispatching services throughout Imperial County at some point in the future.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PLANS

A. Plan Description

The City’s defined benefit pension plan, the California Public Employees’ Retirement System, provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The California Public Employees’ Retirement System is part of the Public Agency portion of the California Public Employees’ Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees’ Retirement Law.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

A. Plan Description (Continued)

The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

B. Funding Policy

The City pays 7% (9% for safety employees) of annual covered salary for active plan members in the City's defined pension plan. The City makes the contributions required of the City employees on their behalf and for their account. The City is required to contribute at an actuarially determined combined rate of 13.309% for miscellaneous employees and 32.181% for safety employees. The contribution requirements of plan members and the City are established and may be amended by PERS. The City's contributions to CalPERS for the miscellaneous plan for the fiscal years ending June 30, 2009, 2008, and 2007 were \$603,260, \$531,864, and \$514,369 respectively, and equal to 100% of the required contributions for each fiscal year. The City's contributions to CalPERS for the safety plan for the fiscal years ending June 30, 2009, 2008, and 2007 were \$936,152, \$711,746, and \$601,172 respectively and equal to 100% of the required contributions for each fiscal year.

NOTE 13 – SUBSEQUENT EVENTS

Beginning in November of 2009, the City Council voted to increase the water rates for National Beef to full commercial rates whereas they were paying a discounted rate previously. National Beef is making payments under these new rates under protest. The City Manager is set to, at an undisclosed time, discuss a settlement to the dispute that may result in the City refunding the difference between the full commercial rate and the discounted rate for prior periods. Thus, beginning in November of 2009, the City will track the difference between the two rates and set up the amount as a liability for disclosure purposes.

The City received \$854,537 as part of a \$1.3 million settlement from NOLTE Engineering in February of 2010. The settlement was a result of a dispute between the City and NOLTE Engineering over engineering services provided to the City for a project known as the Brawley Wastewater Treatment Facility.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BRAWLEY
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2009

| | Budget Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|----------------|--------------|-------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Utility users | \$ 1,600,000 | \$ 1,600,000 | \$ 1,811,961 | \$ 211,961 |
| Transient lodging | 229,000 | 229,000 | 285,245 | 56,245 |
| Franchise | 550,000 | 550,000 | 655,561 | 105,561 |
| Business license | 55,000 | 55,000 | 47,233 | (7,767) |
| Licenses and permits | 100,600 | 100,600 | 99,215 | (1,385) |
| Fines and forfeitures | 93,000 | 93,000 | 119,156 | 26,156 |
| Use of money and property | 94,000 | 94,000 | 216,632 | 122,632 |
| Intergovernmental | 5,808,086 | 5,813,929 | 6,277,905 | 463,976 |
| Charges for services | 3,184,113 | 3,216,917 | 3,075,130 | (141,787) |
| Miscellaneous | 451,592 | 455,592 | 368,952 | (86,640) |
| Total revenues | 12,165,391 | 12,208,038 | 12,956,990 | 748,952 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 2,110,295 | 2,110,295 | 1,895,253 | 215,042 |
| Public safety | 7,157,031 | 7,195,678 | 7,463,533 | (267,855) |
| Culture and leisure | 2,364,227 | 2,368,227 | 2,581,931 | (213,704) |
| Community development | 1,873,973 | 1,873,973 | 1,303,485 | 570,488 |
| Total expenditures | 13,505,526 | 13,548,173 | 13,244,202 | 303,971 |
| Excess of revenues over (under) expenditures | (1,340,135) | (1,340,135) | (287,212) | 1,052,923 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | | | (483) | (483) |
| Total other financing sources (uses) | | | (483) | (483) |
| Net change in fund balance | (1,340,135) | (1,340,135) | (287,695) | 1,052,440 |
| Fund Balance - July 1, 2008 | 6,206,279 | 6,206,279 | 6,206,279 | |
| Fund Balance - June 30, 2009 | \$ 4,866,144 | \$ 4,866,144 | \$ 5,918,584 | \$ 1,052,440 |

CITY OF BRAWLEY**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ECONOMIC & COMMUNITY DEVELOPMENT FUND**

For the Fiscal Year Ended June 30, 2009

| | Budget Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|----------------|------------|-------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Use of money and property | \$ 96,000 | \$ 96,000 | \$ 74,201 | \$ (21,799) |
| Intergovernmental | 1,146,222 | 1,146,222 | 618,756 | (527,466) |
| Miscellaneous | 350,000 | 350,000 | 231,032 | (118,968) |
| Total revenues | 1,592,222 | 1,592,222 | 923,989 | (668,233) |
| EXPENDITURES | | | | |
| Community development | 2,092,222 | 2,092,222 | 1,376,372 | 715,850 |
| Total expenditures | 2,092,222 | 2,092,222 | 1,376,372 | 715,850 |
| Excess of revenues over (under) expenditures | (500,000) | (500,000) | (452,383) | 47,617 |
| Net change in fund balance | (500,000) | (500,000) | (452,383) | 47,617 |
| Fund Balance - July 1, 2008 | 832,622 | 832,622 | 832,622 | |
| Fund Balance - June 30, 2009 | \$ 332,622 | \$ 332,622 | \$ 380,239 | \$ 47,617 |

OTHER SUPPLEMENTARY INFORMATION

CITY OF BRAWLEY
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CRA CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2009

| | Budget Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---|----------------|--------------|-------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Use of money and property | \$ 77,000 | \$ 77,000 | \$ 88,615 | \$ 11,615 |
| Intergovernmental revenues | 2,240,000 | 2,240,000 | 1,443,539 | (796,461) |
| Miscellaneous | 40,000 | 40,000 | 66,855 | 26,855 |
| Total revenues | 2,357,000 | 2,357,000 | 1,599,009 | (757,991) |
| EXPENDITURES | | | | |
| Capital outlay | 1,840,730 | 1,840,730 | 1,413,916 | 426,814 |
| Intergovernmental expenditures | 344,114 | 344,114 | 336,076 | 8,038 |
| Total expenditures | 2,184,844 | 2,184,844 | 1,749,992 | 434,852 |
| Excess of revenues over (under) expenditures | 172,156 | 172,156 | (150,983) | (323,139) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (3,154,000) | (3,154,000) | (2,434,395) | 719,605 |
| Total other financing sources (uses) | (3,154,000) | (3,154,000) | (2,434,395) | 719,605 |
| Net change in fund balance | (2,981,844) | (2,981,844) | (2,585,378) | 396,466 |
| Fund Balance - July 1, 2008 | 4,708,114 | 4,708,114 | 4,708,114 | |
| Fund Balance - June 30, 2009 | \$ 1,726,270 | \$ 1,726,270 | \$ 2,122,736 | \$ 396,466 |

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SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted for particular purposes.

Gas Tax Fund – To account for City's share of state gas tax revenue restricted for street improvements and maintenance.

SB 325 Fund – To account for revenue received from the State under Article 8(a) of the Transportation Development Act (Section 99400(a) of the Public Utilities Code). Uses are restricted to local streets and roads.

Measure D Fund – To account for revenue received from the Local Transportation Authority for the City's portion of the ½% local sales tax revenue for a 20 year street rehabilitation program. Uses are restricted to those purposes necessary and convenient for the maintenance, operation, and construction of local streets and roads.

Pedestrian & Bicycle Facilities Fund – To account for revenue received from the State under Article 3 of the Transportation Development Act (Section 99234 of the Public Utilities Code). Uses are restricted to facilities for exclusive use by pedestrians and bicycles.

Downtown Parking Fund – To account for fees collected from merchants in the downtown business district to provide parking facilities in the downtown area.

Dial-a-Ride Fund – To account for revenues received from the State under Article 8(c) of the Transportation Development Act (Section 99400(c) of the Public Utilities Code), and for fares collected from users. Uses are to provide mass transit services to the general public.

Law Enforcement Fund – To account for revenues received by the City as a result of its participation in a task force with other law enforcement agencies in the area, and to account for revenues of various federal and state grants for law enforcement.

CRA Housing Fund – To account for the 20 percent tax revenue received by the Community Development Agency that is restricted for improving the City's supply of housing for persons and families of low or moderate income.

Assessment Districts Fund – To account for the collection of assessments from property owners and the associated expenditures for the maintenance of landscaped areas within the district, and to account for revenues and expenditures of Community Facilities Districts (CFD).

CAPITAL PROJECTS FUNDS

Capital Projects funds account for financial resources to be used for the acquisition or construction of major capital facilities.

Parks Projects Fund – To account for Parkland dedication fees prescribed by the Quimby Act and other revenues designated for improvements to public parks.

Development Impact Fund – To account for fees paid by developers to offset the cost of providing public facilities for police, fire, parks, recreation, library, and other public facilities and for street construction.

DEBT SERVICE FUND

The **Debt Service Fund** accounts for the accumulation of resources to pay principal and interest on long-term debt obligations.

CITY OF BRAWLEY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

| | Special Revenue Funds | | | | |
|--------------------------------------|-----------------------|-------------------|-------------------|---------------------------------------|---------------------|
| | Gas Tax | SB 325 | Measure D | Pedestrian & Bicycle Facilities | Downtown Parking |
| ASSETS | | | | | |
| Cash and investments | \$ 158,303 | \$ 462,413 | \$ 159,207 | \$ 107,652 | \$ - |
| Deposits with fiscal agents | | | | | |
| Interest receivable | 597 | 1,022 | 882 | 340 | |
| Due from other governments | | 13,671 | 29,983 | | |
| Total assets | <u>\$ 158,900</u> | <u>\$ 477,106</u> | <u>\$ 190,072</u> | <u>\$ 107,992</u> | <u>\$ -</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 17,193 | \$ 7,268 | \$ 1,978 | \$ - | \$ - |
| Deposits payable | | 326,342 | | | |
| Deferred revenue | | | | | |
| Total liabilities | <u>17,193</u> | <u>333,610</u> | <u>1,978</u> | | |
| Fund balances: | | | | | |
| Reserved: | | | | | |
| Debt service | | | | | |
| Unreserved: | | | | | |
| Undesignated | <u>141,707</u> | <u>143,496</u> | <u>188,094</u> | <u>107,992</u> | |
| Total fund balances | <u>141,707</u> | <u>143,496</u> | <u>188,094</u> | <u>107,992</u> | |
| Total liabilities and fund balances | <u>\$ 158,900</u> | <u>\$ 477,106</u> | <u>\$ 190,072</u> | <u>\$ 107,992</u> | <u>\$ -</u> |

| Special Revenue Funds | | | | Debt Service Fund | Capital Projects Funds | | Total Nonmajor Governmental Funds |
|-----------------------|-------------------|---------------------|----------------------|-------------------|------------------------|---------------------|-----------------------------------|
| Dial -a- Ride | Law Enforcement | CRA Housing | Assessment Districts | Debt Service | Park Projects | Development Impact | |
| \$ - | \$ 429,317 | \$ 1,523,285 | \$ 153,918 | \$586,896 | \$ 595,151 | \$ 2,306,940 | \$ 6,483,082 |
| | 1,553 | 5,199 | 523 | 375,588 | | | 375,588 |
| | 150,000 | 11,155 | 3,409 | 2,251 | 3,791 | 8,931 | 25,089 |
| | | | | | | | 208,218 |
| <u>\$ -</u> | <u>\$ 580,870</u> | <u>\$ 1,539,639</u> | <u>\$ 157,850</u> | <u>\$964,735</u> | <u>\$ 598,942</u> | <u>\$ 2,315,871</u> | <u>\$ 7,091,977</u> |
| \$ - | \$ 266 | \$ 25,767 | \$ 3,106 | \$ - | \$ 59,156 | \$ 11,109 | \$ 125,843 |
| | 912 | | | | | | 326,342 |
| | | | | | | | 912 |
| | 1,178 | 25,767 | 3,106 | | 59,156 | 11,109 | 453,097 |
| | | | | 964,735 | | | 964,735 |
| | 579,692 | 1,513,872 | 154,744 | | 539,786 | 2,304,762 | 5,674,145 |
| | 579,692 | 1,513,872 | 154,744 | 964,735 | 539,786 | 2,304,762 | 6,638,880 |
| <u>\$ -</u> | <u>\$ 580,870</u> | <u>\$ 1,539,639</u> | <u>\$ 157,850</u> | <u>\$964,735</u> | <u>\$ 598,942</u> | <u>\$ 2,315,871</u> | <u>\$ 7,091,977</u> |

CITY OF BRAWLEY**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****NONMAJOR GOVERNMENTAL FUNDS**

For the Fiscal Year Ended June 30, 2009

| | Special Revenue Funds | | | | |
|---|-----------------------|------------|------------|---------------------------------------|---------------------|
| | Gas Tax | SB 325 | Measure D | Pedestrian & Bicycle Facilities | Downtown Parking |
| REVENUES | | | | | |
| Property tax | \$ - | \$ - | \$ - | \$ - | \$ - |
| Charges for services | | | | | 1,209 |
| Use of money and property | 2,778 | 15,057 | 3,931 | 1,869 | |
| Intergovernmental revenues | 419,465 | 161,783 | 621,052 | 28,485 | |
| Miscellaneous | | 51,000 | | | |
| Total revenues | 422,243 | 227,840 | 624,983 | 30,354 | 1,209 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public safety | | | | | |
| Community development | | | | | |
| Transportation | 381,451 | 644,204 | 407,710 | 538 | 1,692 |
| Capital outlay | | | | | |
| Debt service: | | | | | |
| Principal | | | | | |
| Interest and fiscal charges | | | | | |
| Intergovernmental expenditures | | | | | |
| Total expenditures | 381,451 | 644,204 | 407,710 | 538 | 1,692 |
| Excess of revenues over (under) expenditures | 40,792 | (416,364) | 217,273 | 29,816 | (483) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | | | | | 483 |
| Transfers out | | (178,000) | (250,000) | | |
| Total other financing sources (uses) | | (178,000) | (250,000) | | 483 |
| Net change in fund balance | 40,792 | (594,364) | (32,727) | 29,816 | |
| Fund Balances - beginning of fiscal year | 100,915 | 737,860 | 220,821 | 78,176 | |
| Fund Balances - end of fiscal year | \$ 141,707 | \$ 143,496 | \$ 188,094 | \$ 107,992 | \$ - |

| Special Revenue Funds | | | | Debt Service Fund | Capital Projects Funds | | Total Nonmajor Governmental Funds |
|-----------------------|-----------------|--------------|----------------------|-------------------|------------------------|--------------------|-----------------------------------|
| Dial -a-Ride | Law Enforcement | CRA Housing | Assessment Districts | Debt Service | Park Projects | Development Impact | |
| \$ - | \$ - | \$ - | \$ 107,496 | \$ - | \$ - | \$ - | \$ 107,496 |
| 26,826 | | | | | | 97,116 | 125,151 |
| | 8,065 | 22,661 | 1,932 | 20,422 | 27,868 | 51,480 | 156,063 |
| 235,456 | 314,228 | 443,020 | | 370,020 | | | 2,593,509 |
| | | | | | 60,950 | | 111,950 |
| 262,282 | 322,293 | 465,681 | 109,428 | 390,442 | 88,818 | 148,596 | 3,094,169 |
| | 86,614 | | | | | | 86,614 |
| 262,282 | | 153,563 | 11,890 | | | | 165,453 |
| | | | | | 614,945 | 70,054 | 1,697,877 |
| | | | | | | | 684,999 |
| | | | | 110,000 | | | 110,000 |
| | | | | 256,676 | | | 256,676 |
| | | 33,178 | | | | | 33,178 |
| 262,282 | 86,614 | 186,741 | 11,890 | 366,676 | 614,945 | 70,054 | 3,034,797 |
| | 235,679 | 278,940 | 97,538 | 23,766 | (526,127) | 78,542 | 59,372 |
| | | | | | | 175,592 | 176,075 |
| | | | | | (175,592) | | (603,592) |
| | | | | | (175,592) | 175,592 | (427,517) |
| | 235,679 | 278,940 | 97,538 | 23,766 | (701,719) | 254,134 | (368,145) |
| | 344,013 | 1,234,932 | 57,206 | 940,969 | 1,241,505 | 2,050,628 | 7,007,025 |
| \$ - | \$ 579,692 | \$ 1,513,872 | \$ 154,744 | \$ 964,735 | \$ 539,786 | \$ 2,304,762 | \$ 6,638,880 |

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INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the government and to other government unites, on a cost reimbursement basis.

Maintenance Fund – To account for the costs of maintenance of the City’s fleet of vehicles and certain public facilities.

Risk Management Fund – To account for the costs of providing insurance, including risks retained by the City, for general liability, property damage, unemployment benefits, workers’ compensation and employee health benefits. This fund also finances postemployment health care benefits provided to retirees and to former employees.

CITY OF BRAWLEY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2009

| | <u>Maintenance</u> | <u>Risk Management</u> | <u>Totals</u> |
|---|---------------------|----------------------------|---------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and investments | \$ 345,319 | \$ 485,868 | \$ 831,187 |
| Interest receivable | 1,122 | 2,643 | 3,765 |
| Due from other governments | 175,733 | | 175,733 |
| Total Current Assets | <u>522,174</u> | <u>488,511</u> | <u>1,010,685</u> |
| Noncurrent Assets: | | | |
| Capital Assets: | | | |
| Improvements other than building | 186,781 | | 186,781 |
| Equipment | 1,698,380 | | 1,698,380 |
| Total Capital Assets | 1,885,161 | | 1,885,161 |
| Less Accumulated Depreciation | (944,938) | | (944,938) |
| Net Capital Assets | <u>940,223</u> | | <u>940,223</u> |
| Total Noncurrent Assets | <u>940,223</u> | | <u>940,223</u> |
| Total Assets | <u>1,462,397</u> | <u>488,511</u> | <u>1,950,908</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 11,557 | 34,156 | 45,713 |
| Total Current Liabilities | <u>11,557</u> | <u>34,156</u> | <u>45,713</u> |
| Noncurrent Liabilities: | | | |
| Compensated absences | 8,624 | | 8,624 |
| Claims payable | | 215,886 | 215,886 |
| Total Noncurrent Liabilities | <u>8,624</u> | <u>215,886</u> | <u>224,510</u> |
| Total Liabilities | <u>20,181</u> | <u>250,042</u> | <u>270,223</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 940,223 | | 940,223 |
| Unrestricted | 501,993 | 238,469 | 740,462 |
| Total Net Assets | <u>\$ 1,442,216</u> | <u>\$ 238,469</u> | <u>\$ 1,680,685</u> |

CITY OF BRAWLEY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS
For the Fiscal Year Ended June 30, 2009

| | <u>Maintenance</u> | <u>Risk Management</u> | <u>Totals</u> |
|--|---------------------|----------------------------|---------------------|
| Revenues: | | | |
| Charges for services | \$ 222,325 | \$ 1,867,479 | \$ 2,089,804 |
| Use of money and property | 532,133 | | 532,133 |
| Total Revenues | <u>754,458</u> | <u>1,867,479</u> | <u>2,621,937</u> |
| Expenses: | | | |
| Salary and benefits | 218,246 | 69,006 | 287,252 |
| Supplies and services | 281,611 | 2,720,141 | 3,001,752 |
| Depreciation | 180,927 | | 180,927 |
| Total Expenses | <u>680,784</u> | <u>2,789,147</u> | <u>3,469,931</u> |
| Operating Income (Loss) | <u>73,674</u> | <u>(921,668)</u> | <u>(847,994)</u> |
| Non-Operating Revenue (Expenses) | | | |
| Intergovernmental revenue | 175,733 | 276 | 176,009 |
| Interest income | 4,842 | 19,849 | 24,691 |
| Total Non-Operating Revenue | <u>180,575</u> | <u>20,125</u> | <u>200,700</u> |
| Net Income (Loss) Before Capital Contributions | 254,249 | (901,543) | (647,294) |
| Capital contributions | <u>15,525</u> | | <u>15,525</u> |
| Change in Net Assets | 269,774 | (901,543) | (631,769) |
| Net Assets - Beginning of Fiscal Year | <u>1,172,442</u> | <u>1,140,012</u> | <u>2,312,454</u> |
| Net Assets - End of Fiscal Year | <u>\$ 1,442,216</u> | <u>\$ 238,469</u> | <u>\$ 1,680,685</u> |

CITY OF BRAWLEY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2009

| | <u>Maintenance</u> | <u>Risk Management</u> | <u>Totals</u> |
|---|--------------------|----------------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from users | \$ 754,458 | \$ 1,867,479 | \$ 2,621,937 |
| Cash payments to suppliers and contractors | (300,316) | (2,713,960) | (3,014,276) |
| Cash payments for claims | | (1,699) | (1,699) |
| Cash payments for employees and benefit programs | (213,492) | (69,006) | (282,498) |
| Net Cash Provided (Used) By Operating Activities | <u>240,650</u> | <u>(917,186)</u> | <u>(676,536)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Intergovernmental revenue | 151,360 | 276 | 151,636 |
| Acquisition of capital assets | (186,781) | | (186,781) |
| Capital contributions | <u>15,525</u> | | <u>15,525</u> |
| Net Cash Provided (Used) By Capital and Related Financing Activities: | <u>(19,896)</u> | <u>276</u> | <u>(19,620)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest received | <u>4,047</u> | <u>26,732</u> | <u>30,779</u> |
| Net Cash Provided (Used) In Investing Activities | <u>4,047</u> | <u>26,732</u> | <u>30,779</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 224,801 | (890,178) | (665,377) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR | <u>120,518</u> | <u>1,376,046</u> | <u>1,496,564</u> |
| CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR | <u>\$ 345,319</u> | <u>\$ 485,868</u> | <u>\$ 831,187</u> |
| Reconciliation with Statement of Net Assets | | | |
| Cash and investments | \$ 345,319 | \$ 485,868 | \$ 831,187 |
| CASH AND CASH EQUIVALENTS | <u>\$ 345,319</u> | <u>\$ 485,868</u> | <u>\$ 831,187</u> |

(Continued)

CITY OF BRAWLEY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2009 (Continued)

| | <u>Maintenance</u> | <u>Risk Management</u> | <u>Totals</u> |
|--|--------------------|----------------------------|---------------------|
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | |
| Operating Income (Loss) | <u>\$ 73,674</u> | <u>\$ (921,668)</u> | <u>\$ (847,994)</u> |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (used) by Operating Activities: | | | |
| Depreciation | 180,927 | | 180,927 |
| Increase (Decrease) compensated absences | 4,754 | | 4,754 |
| Increase (Decrease) claims payable | | (1,699) | (1,699) |
| Increase (Decrease) accounts payable and accrued liabilities | <u>(18,705)</u> | <u>6,181</u> | <u>(12,524)</u> |
| Total Adjustments | <u>166,976</u> | <u>4,482</u> | <u>171,458</u> |
| Net Cash Provided (Used) By Operating Activities | <u>\$ 240,650</u> | <u>\$ (917,186)</u> | <u>\$ (676,536)</u> |