City of Adelanto
Annual Financial Report
For the Fiscal Year Ended June 30, 2011

CITY OF ADELANTO, CALIFORNIA
ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2011

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FINANCIAL

SECTION

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INDEPENDENT AUDITOR'S REPORT

The Members of the City Council of the
City of Adelanto
Adelanto, California

We were engaged to audit 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 Adelanto, California (City) as of and for the fiscal year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management.

The City's system of internal control, in our opinion, is not adequate to provide safeguarding of assets and assure proper recording of transactions. Accordingly, it was impracticable to extend our procedures sufficiently to determine the extent to which the basic financial statements may have been affected by these conditions.

Since the City does not maintain an adequate system of internal control, as described in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, opinions on the basic financial statements referred to above.

As discussed in Note 1 to the financial statements, the City has not recorded capital assets in the governmental activities except for the Redevelopment Agency's capital assets, and accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those capital assets be capitalized and depreciated, which would increase the assets, net assets, and expenses of the governmental activities. With capitalization of capital assets, the expenses of the governmental activities would also decrease due to the capital outlay being capitalized. These amounts are not reasonably determinable.

As discussed in Note 1 of the notes to basic financial statements effective July 1, 2010, The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition,* and Statement No. 59, *Financial Instruments Omnibus.*

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

Accounting principles generally accepted in the United States of America require that the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund, and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Sanitation Special Revenue Fund on pages 59 to 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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The combining nonmajor fund financial statements, major debt service fund budgetary comparison schedule, and nonmajor funds budgetary comparison schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining nonmajor fund financial statements, major debt service fund budgetary comparison schedule, and nonmajor funds budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Moss, Levy & Hartzheim, LLP
Culver City, California
January 27, 2014

CITY OF ADELANTO
STATEMENT OF NET ASSETS
June 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 29,220,897	$ 7,456,560	$ 36,677,457
Cash and investments with fiscal agents	13,743,645	23,018,271	36,761,916
Receivables:			
Accounts receivable - net	1,401,330	2,808,752	4,210,082
Notes/Contracts	1,498,847		1,498,847
Interest	182	4,948	5,130
Deposits	51,792		51,792
Internal balances	5,576,506	(5,576,506)	
CalPERS side fund	1,463,379		1,463,379
Due from agency funds	10,566		10,566
Prepaid expenses		8,088	8,088
Inventory		66,959	66,959
Investment in Adelanto Public Financing Authority bonds		13,905,492	13,905,492
Land held for resale			
Deferred charges - net of accumulated amortization	1,206,783	8,841,875	10,048,658
Deferred losses on refunding	852,393		852,393
Capital assets not being depreciated	8,700	20,413,542	20,422,242
Capital assets - net of accumulated depreciation	800,392	21,317,021	22,117,413
Total assets	55,835,412	92,265,002	148,100,414
LIABILITIES			
Accounts payable	1,483,009	4,725,119	6,208,128
Interest payable	473,869	2,412,453	2,886,322
Accrued expenses	293,171	43,387	336,558
Deposits payable	410,639	458,947	869,586
Noncurrent liabilities:			
Due within one year	1,307,183		1,307,183
Due in more than one year	68,396,885	80,335,176	148,732,061
Total liabilities	72,364,756	87,975,082	160,339,838
NET ASSETS			
Invested in capital assets, net of related debt			
Restricted for:			
Construction	3,032,411		3,032,411
Debt service	9,422,580		9,422,580
Streets, highways, bikeways, public transit, and other related purposes	5,622,294		5,622,294
Housing	1,392,441		1,392,441
Parks	1,376,048		1,376,048
Public safety	340,680		340,680
Unrestricted	(37,715,798)	4,289,920	(33,425,878)
Total net assets <deficit>	$ (16,529,344)	$ 4,289,920	$ (12,239,424)

See Notes to the Basic Financial Statements

CITY OF ADELANTO
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants
Governmental Activities:				
General government	$ 1,675,371	$ 826,537	$ 59,438	$ -
Public safety	8,728,959	290,537	118,341	264,288
Public works	3,195,802	870,089	570,124	65,979
Community development	2,942,369	26,700		185,285
Parks and recreation	1,313,082	52,301		270,502
Pass through payments	1,619,224			
Interest on long-term debt	5,833,794			
Total Governmental Activities	25,308,601	2,066,164	747,903	786,054
Business-type Activities:				
Correctional facility	525,216	7,384		
Public utility authority	13,648,856	13,855,716		
Total Business-type Activities	14,174,072	13,863,100		
Total Primary Government	$ 39,482,673	$ 15,929,264	$ 747,903	$ 786,054

General Revenues:
- Taxes:
  - Sales taxes
  - Property taxes
  - Franchise taxes
  - Transient occupancy taxes
  - Business license taxes
- Motor vehicle in lieu, unrestricted
- Earnings on investments
- Miscellaneous
- Gain on sales of property

Transfers

Total general revenues and transfers

Change in net assets

Net assets (deficit) - July 1, 2010

Prior period adjustment

Net assets (deficit) - July 1, 2010, restated

Net assets (deficit) - June 30, 2011

See Notes to the Basic Financial Statements

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
$ (789,396)	$ -	$ (789,396)
(8,055,793)		(8,055,793)
(1,689,610)		(1,689,610)
(2,730,384)		(2,730,384)
(990,279)		(990,279)
(1,619,224)		(1,619,224)
(5,833,794)		(5,833,794)
(21,708,480)		(21,708,480)
	(517,832)	(517,832)
	206,860	206,860
	(310,972)	(310,972)
(21,708,480)	(310,972)	(22,019,452)
1,108,034		1,108,034
7,576,106		7,576,106
1,110,513		1,110,513
59,099		59,099
65,273		65,273
2,158,581		2,158,581
1,167,739	1,269,597	2,437,336
150,000		150,000
365,667		365,667
1,328,975	(1,328,975)	
15,089,987	(59,378)	15,030,609
(6,618,493)	(370,350)	(6,988,843)
(9,734,740)	4,660,270	(5,074,470)
(176,111)		(176,111)
(9,910,851)	4,660,270	(5,250,581)
$ (16,529,344)	$ 4,289,920	$ (12,239,424)

CITY OF ADELANTO
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General Fund	Sanitation Special Revenue Fund	Redevelopment Agency Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 13,277,944	$ -	$ -	$ 15,942,953	$ 29,220,897
Cash and investments with fiscal agents			13,491,742	251,903	13,743,645
Accounts receivable - net	649,802	14,062	149,216	588,250	1,401,330
Due from other funds	8,825,618	3,944,746		3,411,952	16,182,316
Due from agency funds	10,566				10,566
Interest receivable				182	182
Notes/Contracts receivable	59,677			1,439,170	1,498,847
Deposits receivable	51,792				51,792
Advances to other funds	2,524,243				2,524,243
Total assets	$ 25,399,642	$ 3,958,808	$ 13,640,958	$ 21,634,410	$ 64,633,818
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 421,407	$ -	$ 884,082	$ 177,520	$ 1,483,009
Accrued expenditures	286,790			6,381	293,171
Due to other funds	89,016	4,068,314	2,752,636	3,695,844	10,605,810
Deposits payable	238,568	106,104		65,967	410,639
Deferred revenue				1,804,224	1,804,224
Advances from other funds				2,524,243	2,524,243
Total liabilities	1,035,781	4,174,418	3,636,718	8,274,179	17,121,096
Fund balances					
Nonspendable	2,583,920				2,583,920
Restricted for:					
Debt service			10,004,240		10,004,240
Streets and roads				6,559,998	6,559,998
Public safety				275,178	275,178
Community development				5,874,367	5,874,367
Public transit				543	543
Parks and recreation				1,376,048	1,376,048
Public works				2,800,384	2,800,384
Unassigned	21,779,941	(215,610)		(3,526,287)	18,038,044
Total fund balances (deficit)	24,363,861	(215,610)	10,004,240	13,360,231	47,512,722
Total liabilities and fund balances	$ 25,399,642	$ 3,958,808	$ 13,640,958	$ 21,634,410	$ 64,633,818

See Notes to the Basic Financial Statements

CITY OF ADELANTO
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2011

Fund balances of governmental funds	$	47,512,722
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets net of accumulated depreciation have not been included as financial resources in governmental funds.		288,564
The CalPERS side fund is an asset that is not available to pay for current period expenditures and, therefore, not included as financial resources in governmental funds		1,463,379
Certain accounts receivable, intergovernmental receivables, and notes receivable are not available to pay for current period expenditures and, therefore are offset by deferred revenue in the governmental funds.		1,804,224
Long-term debt and compensated absences have not been included in the governmental funds:		
Tax allocation bonds and revenue bonds		(45,246,840)
Intermountain Power Agency settlement		(1,989,390)
San Bernardino County tax increment loans		(22,275,843)
Compensated absences		(191,995)
Deferred charges, net of accumulated amortization for debt issuance costs and discounts on long-term debt have not been reported in the governmental funds.		1,206,783
Deferred losses on refunding, net of accumulated amortization for long-term debt issuance have not been reported in the governmental funds.		852,393
Accrued interest payable due on long-term debt has not been reported in the governmental funds.		(473,869)
The internal service fund is used by management to charge the costs of equipment maintenance and repair to individual funds. The assets and liabilities of the internal service fund must be added to the statement of net assets.		520,528
Net assets (deficit) of governmental activities	$	(16,529,344)

See Notes to the Basic Financial Statements

CITY OF ADELANTO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2011

	General Fund	Sanitation Special Revenue Fund	Redevelopment Agency Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes and assessments	$ 4,647,082	$ -	$ 7,010,051	$ 1,012,698	$ 12,669,831
Licenses and permits	529,821			160,806	690,627
Fines, forfeitures, and penalties	93,001			197,536	290,537
Investment earnings	1,053,314	29	90,454	23,942	1,167,739
Charges for current services	384,312	179,462		79,001	642,775
Intergovernmental revenue	59,438			1,474,519	1,533,957
Other revenues	140,983	58,974		165,710	365,667
Total revenues	6,907,951	238,465	7,100,505	3,114,212	17,361,133
EXPENDITURES					
Current:					
General government	3,291,039				3,291,039
Public safety	8,321,871			128,106	8,449,977
Public works	1,898,466	129,241		125,251	2,152,958
Community development	553,918			2,378,883	2,932,801
Parks and recreation	259,397			289,108	548,505
Pass-through payments			1,619,224		1,619,224
Capital outlay				2,034,350	2,034,350
Debt service:					
Principal retirement			1,892,331	55,000	1,947,331
Interest and other charges	6,992		5,456,927	191,858	5,655,777
Total expenditures	14,331,683	129,241	8,968,482	5,202,556	28,631,962
Excess of revenues over (under) expenditures	(7,423,732)	109,224	(1,867,977)	(2,088,344)	(11,270,829)
OTHER FINANCING SOURCES (USES)					
Proceeds from loans and capital accretions			3,731,472		3,731,472
Transfers in	2,308,975			100,000	2,408,975
Transfers out	(190,026)		(100,000)	(980,000)	(1,270,026)
Total other financing sources (uses)	2,118,949		3,631,472	(880,000)	4,870,421
Net change in fund balances	(5,304,783)	109,224	1,763,495	(2,968,344)	(6,400,408)
Fund balances (deficit) - July 1, 2010	29,668,644	(324,834)	8,240,745	16,328,575	53,913,130
Fund balances (deficit) - June 30, 2011	$ 24,363,861	$ (215,610)	$ 10,004,240	$ 13,360,231	$ 47,512,722

See Notes to the Basic Financial Statements

CITY OF ADELANTO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

Net change in fund balances - total governmental funds	$	(6,400,408)
Amounts reported for governmental activities in the statement of activities differ because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.		(9,568)
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. Likewise, when the note is collected, it is reflected in revenue. This is the net change between notes receivable collected and issued.		(52,821)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and issuance cost 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 and issuance cost are expenditures in governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the statement of net assets.		(1,784,141)
Debt issuance costs are expenditures in the governmental funds, but these costs are capitalized on the statement of net assets. This is the net change in debt issuance costs in the current period which represents its annual amortization and deferred issuance costs incurred during the period.		(138,095)
Accrued interest is interest due on long-term debt payable. This is the net change in accrued interest for the current period.		12,899
Compensated absence expenditures 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.		4,206
The repayment or accumulation of the CalPERS side fund liability or asset consumes the current financial resources of the governmental funds and decreases or increases the balance of Cal PERS side fund on the government-wide statements. The increase or decrease of the side fund liability or asset due to interest does not consume current financial resources of the governmental funds but increases the or decreases balance of the CalPERS side fund on the governmental-wide statements. This is the net change in the side fund liability or asset.		1,639,490
The internal service fund is used by management to charge the costs of equipment repair and maintenance to individual funds. The net revenues (expenses) of the internal service fund is reported with governmental activities.		109,945
Change in net assets of governmental activities	$	(6,618,493)

See Notes to the Basic Financial Statements

CITY OF ADELANTO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Enterprise Funds			Governmental Activities
	Correctional Facility	Public Utility Authority	Total	Internal Service Fund
ASSETS				
Current Assets:				
Cash and cash investments	$ 1,023,683	$ 6,432,877	$ 7,456,560	$ -
Restricted cash and investments with fiscal agents		23,018,271	23,018,271	
Accounts receivable, net		2,808,752	2,808,752	
Interest receivable		4,948	4,948	
Inventory		66,959	66,959	
Due from other funds	1,174,788		1,174,788	
Prepaid items		8,088	8,088	
Total Current Assets	2,198,471	32,339,895	34,538,366	
Noncurrent Assets:				
Deferred issuance costs		8,841,875	8,841,875	
Investment in Adelanto Public Financing Authority Bonds		13,905,492	13,905,492	
Capital assets:				
Land and water rights		4,940,180	4,940,180	
Depreciable assets, net		21,317,021	21,317,021	520,528
Construction in progress		15,473,362	15,473,362	
Total Noncurrent Assets		64,477,930	64,477,930	520,528
Total Assets	2,198,471	96,817,825	99,016,296	520,528
LIABILITIES				
Current Liabilities:				
Accounts payable	46,199	4,678,920	4,725,119	
Accrued liabilities		43,387	43,387	
Accrued interest payable		2,412,453	2,412,453	
Deposits payable		458,947	458,947	
Due to other funds	884,432	5,866,862	6,751,294	
Total Current Liabilities	930,631	13,460,569	14,391,200	
Noncurrent Liabilities:				
Noncurrent portion of long-term obligations:				
Compensated absences		77,779	77,779	
Settlement payable		4,524,000	4,524,000	
Bonds payable		75,733,397	75,733,397	
Total Noncurrent Liabilities		80,335,176	80,335,176	
Total Liabilities	930,631	93,795,745	94,726,376	
NET ASSETS				
Invested in capital assets, net of related debt				520,528
Unrestricted	1,267,840	3,022,080	4,289,920	
Total Net Assets	$ 1,267,840	$ 3,022,080	$ 4,289,920	$ 520,528

See Notes to the Basic Financial Statements

CITY OF ADELANTO
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2011

	Enterprise Funds			Governmental Activities
	Correctional Facility	Public Utility Authority	Total	Internal Service Fund
Operating Revenues:				
Sales and service charges	$ -	$ 13,855,716	$ 13,855,716	$ -
Other	7,384		7,384	
Total Operating Revenues	7,384	13,855,716	13,863,100	
Operating Expenses:				
Salaries and benefits	184,653	1,129,576	1,314,229	
Contractual services	291,050	1,592,527	1,883,577	
Utilities	1,302	960,072	961,374	
Sewer operations		1,149,819	1,149,819	
Water operations		1,723,459	1,723,459	
Administration	48,211	184,018	232,229	
Depreciation		667,003	667,003	80,081
Total Operating Expenses	525,216	7,406,474	7,931,690	80,081
Operating Income (Loss)	(517,832)	6,449,242	5,931,410	(80,081)
Nonoperating Revenues (Expenses):				
Interest revenue	6,447	1,263,150	1,269,597	
Interest expense and fiscal charges		(5,875,136)	(5,875,136)	
Amortization expense		(367,246)	(367,246)	
Total Nonoperating Revenues (Expenses)	6,447	(4,979,232)	(4,972,785)	
Income (Loss) Before Transfers	(511,385)	1,470,010	958,625	(80,081)
Transfers				
Transfers in				190,026
Transfers out		(1,328,975)	(1,328,975)	
Changes in Net Assets	(511,385)	141,035	(370,350)	109,945
Net Assets				
Beginning of fiscal year, July 1, 2010	1,779,225	2,881,045	4,660,270	410,583
End of fiscal year, June 30, 2011	$ 1,267,840	$ 3,022,080	$ 4,289,920	$ 520,528

See Notes to the Basic Financial Statements

CITY OF ADELANTO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2011

	Enterprise Funds			Governmental Activities
	Correctional Facility	Public Utility Authority	Total	Internal Service Fund
Cash Flows from Operating Activities:				
Cash received from customers and users	$ 383,382	$ 13,385,626	$ 13,769,008	$ -
Cash paid to suppliers for goods and services	(891,548)	(4,904,835)	(5,796,383)	
Cash paid to employees for services	(184,653)	(1,090,294)	(1,274,947)	
Net Cash Provided (Used) by Operating Activities	(692,819)	7,390,497	6,697,678	
Cash Flows from Non-Capital Financing Activities:				
Cash transfers from/(to) other funds		(1,328,975)	(1,328,975)	
Due from other funds	(8,550)		(8,550)	
Due to other funds	146,622	633,736	780,358	
Net Cash Provided (Used) by Non-Capital Financing Activities	138,072	(695,239)	(557,167)	
Cash Flows from Capital and Related Financing Activities:				
Purchases of capital assets		(1,712,701)	(1,712,701)	
Interest paid on long term debt		(5,934,587)	(5,934,587)	
Net Cash Provided (Used) by Capital and Related Financing Activities		(7,647,288)	(7,647,288)	
Cash Flows from Investing Activities:				
Interest received	6,447	1,263,954	1,270,401	
Net Cash Provided (Used) by Investing Activities	6,447	1,263,954	1,270,401	
Net Increase (Decrease) in Cash and Cash Equivalents	(548,300)	311,924	(236,376)	
Cash and Cash Equivalents at Beginning of Fiscal Year	1,571,983	29,139,224	30,711,207	
Cash and Cash Equivalents at End of Fiscal Year	$ 1,023,683	$ 29,451,148	$ 30,474,831	$ -
Reconciliation to Statement of Net Assets:				
Cash and investments	$ 1,023,683	$ 6,432,877	$ 7,456,560	$ -
Restricted cash and investments with fiscal agents		23,018,271	23,018,271	
Cash and Cash Equivalents	$ 1,023,683	$ 29,451,148	$ 30,474,831	$ -

(Continued)

See Notes to the Basic Financial Statements

CITY OF ADELANTO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2011
(Continued)

	Enterprise Funds			Governmental Activities
	Correctional Facility	Public Utility Authority	Total	Internal Service Fund
Reconciliation of Operating Income (loss) to net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ (517,832)	$ 6,449,242	$ 5,931,410	$ (80,081)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation		667,003	667,003	80,081
(Increase) decrease in accounts receivable	375,998	(473,097)	(97,099)	
Increase (decrease) in accounts payable	(550,985)	705,060	154,075	
Increase (decrease) in accrued liabilities		14,395	14,395	
Increase (decrease) in other payables		3,007	3,007	
Increase (decrease) in compensated absences		24,887	24,887	
Total Adjustments	(174,987)	941,255	766,268	80,081
Net Cash Provided (Used) by Operating Activities	$ (692,819)	$ 7,390,497	$ 6,697,678	$ -

See Notes to the Basic Financial Statements

CITY OF ADELANTO
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
June 30, 2011

	Private Purpose Trust	Pension Trust	Agency Funds	
	Luetke Foundation	Inmate Welfare Benefit	Assessment District 1A	Inmate Trust
ASSETS				
Cash and investments	$ 29,514	$ -	$ 1,237,451	$ -
Restricted cash and investments with fiscal agents			1,233,215	
Total assets	$ 29,514	$ -	$ 2,470,666	$ -
LIABILITIES				
Accounts payable	$ 11,305	$ 513	$ -	$ -
Due to City of Adelanto	10,566			
Due to bondholders			2,470,666	
Total liabilities	21,871	513	$ 2,470,666	$ -
NET ASSETS				
Unrestricted	7,643	(513)		
Total net assets	$ 7,643	$ (513)		

See Notes to the Basic Financial Statements

CITY OF ADELANTO
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Private-Purpose Trust	Pension Trust
	Luetke Foundation	Inmate Welfare Benefit
Additions		
Other	$ -	$ 750
Total additions		750
Deletions		
General government		646,728
Total deletions		646,728
Change in net assets		(645,978)
Net assets - July 1, 2010	7,643	645,465
Net assets - June 30, 2011	$ 7,643	$ (513)

See Notes to the Basic Financial Statements

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Notes to Basic Financial Statements

Note 1 Summary of Significant Accounting Policies

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

a. Description of the Reporting Entity

The City of Adelanto was incorporated on December 22, 1970, under the laws of the State of California and enjoys all the rights and privileges applicable to a general law city. It is governed by an elected five member board.

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

The Adelanto Redevelopment Agency (Agency) was established on October 14, 1976, pursuant to the State of California Health and Safety Code, Section 33000. The Agency established two redevelopment project areas, known as Project Area 76-1 and Project Area 80-1. The two project areas were merged in 1995. In July 2002, the Agency established Project Area #3. Its purpose is to prepare and carry out plans for the improvement, rehabilitation, and development of blighted areas within the territorial limits of the City of Adelanto.

The Adelanto Public Financing Authority was established pursuant to a Joint Powers Agreement dated September 12, 1989, by and between the City of Adelanto and the Adelanto Redevelopment Agency in accordance with the provisions of the laws of the State of California. The Authority was created for the purpose of providing financing for public capital improvements for the City and the Agency through the acquisition by the Authority of such public capital improvements and/or the purchase by the Authority of local obligations. The Authority has the power to issue bonds to pay the cost of any public capital improvements.

The Adelanto Public Utility Authority was formed by action of the City Council on October 22, 1996. The Utility Authority was formed for the purpose of purchasing and operating the City's wastewater operations. In conjunction with that purchase, the Utility Authority issued bonds to finance the down payment to the City and the construction of a wastewater treatment plant. The Utility Authority also issued a note payable to the City to finance the purchase of the existing wastewater assets. During February, 2000, the Adelanto Public Utility Authority entered into a purchase agreement with the Adelanto Water Authority to purchase the Adelanto Water Authority's water system. The purchase price consisted of amounts sufficient to refund all of the outstanding prior water bonds and assumption of the Adelanto Water Authority's obligations under the original agreement dated January 9, 1996, under which the Water Authority was formed by the City of Adelanto.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is either able to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered

Note 1 Summary of Significant Accounting Policies (Continued)

a. Description of the Reporting Entity (Continued)

to be financially accountable if an organization is fiscally dependent upon the City (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

The City's component units are considered to be blended component units because the City Council serves as the governing board for the Agency and the Authority. The blended component units, although legally separate are, in substance, part of the City's operations, therefore data from the units are reported with the interfund data of the primary government.

The Adelanto Redevelopment Agency and the Adelanto Public Utility Authority issue separate component unit statements. The financial statements of the component units can be obtained at City Hall.

b. Government-wide and Fund Financial Statements

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

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

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

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Agency funds use the accrual basis of accounting but only report assets and liabilities and therefore have no measurement focus.

Note 1 Summary of Significant Accounting Policies (Continued)

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

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

The City reports the following major governmental funds:

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

The Sanitation Special Revenue Fund – This fund accounts for the operation and maintenance of the solid waste system within the City's boundaries.

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

The City reports the following major proprietary funds:

The Correctional Facility Enterprise Fund – This fund accounts for the operation of the community correctional facility.

The Public Utility Authority Enterprise Fund – This fund accounts for the operation and maintenance of the wastewater and water system within the City's boundaries.

Additionally, the City reports the following fund types:

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

Private Purpose/Pension Trust Funds are used to account for assets and activities restricted to a specific purpose in accordance with a trust agreement on behalf of individuals, private organizations, other governments, or other funds.

Note 1 Summary of Significant Accounting Policies (Continued)

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Internal Service Fund is used to account for financial transactions related to the City's equipment maintenance and repairs. These services are provided to other departments or agencies of the City on a cost reimbursement basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). For enterprise fund activities, the City has elected to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they contradict or conflict with GASB pronouncements.

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

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

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

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

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

d. Assets, Liabilities, Net Assets or Equity

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents have an original maturity date of three months or less from the date of purchase.

Note 1 Summary of Significant Accounting Policies (Continued)

d. Assets, Liabilities, Net Assets or Equity (Continued)

Cash and Investments

Investments are reported in the accompanying financial statements at fair value, except for nonparticipating certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Additionally, the value of the Public Financing Authority Bonds are stated at cost.

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

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

Authorized investments include:

- United States Treasury notes, bonds, and bills
- Securities of U.S. government agencies including obligations issued by Federal Home Loan Bank (FHLB), Tennessee Valley Authority (TVA), Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB), Government National Mortgage Association (GNMA), Federal Home Loan Mortgage Corporation (FHLMC), and Student Loan Marketing Association (SLMA)
- Certificates of deposit (or time deposits) placed with commercial banks and/or savings and loan associations
- Passbook savings accounts
- Commercial paper of prime quality
- State Treasurer's Local Agency Investment Fund (LAIF)
- Medium term corporate notes of prime quality
- Bankers Acceptances
- Mutual Funds (Must be comprised of eligible securities permitted under the investment policy)
- Money Market Funds (Must be comprised of eligible securities permitted under the investment policy)
- Local Agency Bonds

Note 1 Summary of Significant Accounting Policies (Continued)

d. Assets, Liabilities, Net Assets or Equity (Continued)

Receivables and Payables

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

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

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

Property Taxes

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

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

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

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

Tax Collections – are the responsibility of the County tax collector. Taxes and assessments on secured and utility tax rolls which constitute a lien against the property, may be paid in two installments; the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payment.

Note 1 Summary of Significant Accounting Policies (Continued)

d. Assets, Liabilities, Net Assets or Equity (Continued)

Property Taxes (Continued)

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

Property Tax Administration Fees – the State of California FY 1990-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded net of administrative fees withheld during the fiscal year.

Inventories

Inventories of materials and supplies are carried at cost on an average cost basis. The City uses the consumption method of accounting for inventories.

Land held for resale or exchange

Costs of project land and improvements held for resale or exchange are recorded in the Redevelopment Agency Capital Projects Fund as inventory at the lower of acquisition cost or net realizable value. The fund balance is considered nonspendable in an amount equal to the carrying value of land held for resale or exchange because such assets are not available to finance the City's current operations.

Restricted Assets

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

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

Capital Assets

Capital assets, which include property, plant, equipment, fine art, and infrastructure assets (e.g., roads, bridges, sidewalks, traffic lights and signals, street lights, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of $5,000 ($100,000 for infrastructure) or more and an estimated useful life in excess of one year. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital asset lives are not capitalized.

Note 1 Summary of Significant Accounting Policies (Continued)

d. Assets, Liabilities, Net Assets or Equity (Continued)

Capital Assets (Continued)

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

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Structures and improvements	50
Public domain infrastructure	50
System infrastructure	50
Vehicles	10
Other equipment and furnishings	10
Computer equipment	10

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

The City does not maintain a complete record of the historical costs of capital assets for governmental activities except for the Redevelopment Agency and Transit Fund. Due to the lack of records, no opinion has been given on the capital assets, accumulated depreciation, or depreciation expense related to governmental activities in the government-wide statements.

Claims and Judgments

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability has been incurred prior to fiscal year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated.

Compensated Absences

It is the City's policy to permit employees to accumulate earned, but unused vacation benefits, which will be paid to employees upon separation from City service. Governmental fund types recognize the cost of vacation benefits when payments are made to employees. Since these unused vacation benefits will not be liquidated with available financial resources, a long-term liability for accrued vacation benefits is recorded. Proprietary fund types accrue vacation benefits in the period they are earned.

Long-Term Obligations

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 applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Initial-issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of

Note 1 Summary of Significant Accounting Policies (Continued)

d. Assets, Liabilities, Net Assets or Equity (Continued)

Long-Term Obligations (Continued)

refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bond issuance costs, including deferred refunding amounts and underwriters' discounts, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, issuance costs, and deferred amounts on refunding are included in interest expense in the Statement of Activities.

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

Net Assets and Fund Equity

In the government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets. Net assets invested in capital assets, net of related debt groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category. Restricted net assets represent net assets restricted by parties outside of the City (such as creditors, grantors, contributors, and laws and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. The City's other restricted net assets are temporarily restricted (ultimately expendable assets). All other net assets are considered unrestricted.

Fund Balance

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

- Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the City's highest level of decision-making authority (the City Council) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Note 1 Summary of Significant Accounting Policies (Continued)

d. Assets, Liabilities, Net Assets or Equity (Continued)

Fund Balance (Continued)

- Assigned fund balance – amounts that are constrained by the City's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.
- Unassigned fund balance – the residual classification for the City's funds that include amounts not contained in the other classifications.

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

CalPERS side fund

During the 2005-2006 fiscal year, the City was required to participate in the California Public Employees Retirement System (CalPERS) risk pool. As a result, a side fund was created to account for the difference between the funded status of the pool and funded status of the City's plan, in addition to the existing unfunded liability. The superfunded miscellaneous plan had an asset of $1,609,320 and the public safety plan had an outstanding liability of ($145,941) at June 30, 2011.

e. Estimates

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

f. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 54

For the fiscal year ended June 30, 2011, the City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54), "*Fund Balance Reporting and Governmental Fund Type Definitions,*" The requirements of this statement are effective for financial statement periods beginning after June 15, 2010. GASB 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied, and is clarifies the existing governmental fund type definitions. It establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are described in the Fund Balance section of this footnote.

Governmental Accounting Standards Board Statement No. 59

For the fiscal year ended June 30, 2011, the City implemented GASB Statement No. 59, "*Financial Instrument Omnibus*". This Statement establishes standards to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The implementation of this Statement did not have an effect on these financial statements.

Note 1 Summary of Significant Accounting Policies (Continued)

g. Reconciliation of Government-wide and Fund Financial Statements

1. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets:

The governmental funds balance sheet includes a reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets.

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The capital assets reported in the *Statement of Net Assets* are as follows:

Land	$ 8,700
Depreciable buildings and improvements, net	279,864
	$ 288,564

The CalPERS side fund with a balance of $1,609,320 for the miscanellenous plan (superfunded) and ($145,941) for safety plan (underfunded) totaling $1,463,379 is an asset that is not available to pay for current-period expenditures and therefore, are not reported as governmental fund assets.

Deferred charges are not available to pay for current-period expenditures and therefore, are not reported as governmental fund assets. These deferred charges, net of accumulated amortization, are as follows:

Deferred issuance costs, net of accumulated amortization of $1,135,843	$ 1,206,783
Deferred losses on refunding, net of accumulated amortization of $932,790	852,393
	$ 2,059,176

Certain liabilities, including bonds payable, interest on bonds, and compensated absences, are not due and payable in the current period and therefore, are not reported in the funds. These liabilities are as follows:

County debt	$ (22,275,843)
Tax allocation refunding bonds	(14,115,000)
Revenue bonds	(31,131,840)
Settlement agreement payable	(1,989,290)
Compensated absences	(191,995)
	$ (69,703,968)

Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The detail of this difference is as follows:

Current fiscal year depreciation	$ (9,568)

Note 1 Summary of Significant Accounting Policies (Continued)

g. Reconciliation of Government-wide and Fund Financial Statements (Continued)

2. Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (continued):

Another element of that reconciliation states that "The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets". The details of this adjustment are as follow:

Debt issued or incurred	
Issuance of loans relating to County debt	$ (2,687,793)
Appreciation/Accretion of revenue bonds	(1,043,679)
Total debt incurred	$ (3,731,472)
Debt principal repayment:	
Tax allocation bonds	$ 595,000
Revenue bonds	1,352,331
	$ 1,947,331

Note 2 Stewardship, Compliance, and Accountability

General Budget Policies

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

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

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

Budgets were adopted for all general, special revenue, capital projects, and debt service funds except for the Community Facilities District Special Revenue Fund, FEMA/OES Special Revenue Fund, LLMD Annexation Special Revenue Fund, Traffic Impact Fees Special Revenue Fund, Fire Mitigation Fees Special Revenue Fund, Adelanto Portion of VVEDA Low/Moderate Income Housing Special Revenue Fund, Adelanto Portion of VVEDA Redevelopment Agency Special Revenue Fund, Adelanto Community Benefit Special Revenue Fund, CLEEP Special Revenue Fund and Proposition 1B Special Revenue Fund.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental fund types.

Note 2 Stewardship, Compliance, and Accountability (Continued)

Fund Deficits

The following funds contained a deficit fund balance as of June 30, 2011:

Major Fund	
Sanitation	$ (215,610)
Nonmajor Funds	
Special Revenue Funds:	
Community Development Block Grant	(53,240)
Maverick Stadium	(2,593,191)
Public Safety	(6,566)
Capital Projects Fund:	
Redevelopment Agency	(765,499)
Debt Service Fund:	
Redevelopment Agency Project Area 3	(107,791)

The above deficit fund balances/net assets occurred due to the spending of funds prior to the receipt of revenues. The fund balances/net assets will be restored in the future as revenues are received.

Deficit Net Assets

The City has a deficit in governmental net assets of $17,992,723 at June 30, 2011. The City projects that future resources will be sufficient to pay long-term obligations as they become due. The City anticipates having an appraisal of governmental capital assets which would alleviate all or part of the deficit.

Excess of Expenditures over Appropriations

Excess of expenditures over appropriations in individual funds are as follows:

Fund	Final Appropriation	Expenditure	Excess
Major Fund			
General Fund	$ 14,101,614	$ 14,331,683	$ 230,069
Nonmajor Governmental Funds:			
Maverick Stadium Special Revenue Fund	218,090	257,058	38,968
Traffic Offender Special Revenue Fund		15	15

Note 3 Cash and Investments

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

Statement of net assets:		
Cash and investments	$	36,677,457
Restricted cash and investments with fiscal agents		36,761,916
Investment in Adelanto Public Financing Authority Bonds		13,905,492
Fiduciary funds:		
Cash and investments		1,266,965
Restricted cash and investments with fiscal agents		1,233,215
Total cash and investments	$	89,845,045

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

Petty cash	$	4,436
Deposits with financial institutions		27,736,370
Investments		62,104,239
Total cash and investments	$	89,845,045

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 Adelanto 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 trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	None	$50 million
Local Agency Bonds	N/A	None	None
U.S. Treasury Obligations	N/A	None	None
U.S. Government Agency Issues	N/A	None	None
Insured Passbook on Demand Deposits with Banks and Savings and Loans	N/A	None	$100,000
Certificates of Deposit	1 year	None	$100,000
Bankers Acceptances	N/A	None	None
Commercial Paper	N/A	None	None
Mutual Funds (must be comprised of eligible securities permitted under this policy)	N/A	None	None
Medium Term Corporate Notes	N/A	None	None
Money Market Funds (must be comprised of eligible securities permitted under this policy)	N/A	None	None
Public Financing Authority Bonds	N/A	None	None

The investment policy allows for the above investments which have equal safety and liquidity as all other allowed investments. Maturity depends on the cash needs of the City.

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	N/A	None	None
U.S. Government Agency Issues	N/A	None	None
Insured Passbook on Demand Deposits with Banks and Savings and Loans	N/A	None	$100,000
Certificates of Deposit	1 year	None	$100,000
Commercial Paper	270 days	None	None
Money Market Funds (must be comprised of eligible securities permitted under this policy)	N/A	None	None
Investment Agreements	N/A	None	None
Repurchase Agreements	N/A	None	None
State Bonds	N/A	None	None

The investment policy allows for the above investments which have equal safety and liquidity as all other allowed investments.

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 trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

		Remaining maturity (in Months)			
Investment Type	Totals	12 Months or Less	13 to 24 Months	25-60 Months	More Than 60 Months
State Investment Pool	$ 4,323,522	$ 4,323,522	$ -	$ -	$ -
Held by Bond Trustees:					
Money Market Funds	37,995,131	37,995,131			
Investment Agreements	5,880,094				5,880,094
Bonds *	13,905,492	322,183	320,432	895,765	12,367,112
	$ 62,104,239	$ 42,640,836	$ 320,432	$ 895,765	$ 18,247,206

* The value of the bonds are stated at cost as there is no readily determinable market value.

Note 3 Cash and Investments (Continued)

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 (to a greater degree than already indicated in the information provided above).

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.

				Rating as of Fiscal Year End			
Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	AAA	AA	A	Not Rated
State Investment Pool	$ 4,323,522	N/A	$ -	$ -	$ -	$ -	$ 4,323,522
Held by bond trustee:							
Money Market Funds	37,995,131	N/A		37,995,131			
Investment Agreements	5,880,094	N/A			1,600,000		4,280,094
Bonds	13,905,492	N/A					13,905,492
Total	$ 62,104,239		$ -	$ 37,995,131	$ 1,600,000	$ -	$ 22,509,108

F. Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Type	Amount
IXIS Investment Agreements	Investment Agreements	$ 4,280,094
Transameria Life Insurance Company	Investment Agreements	1,600,000
Adelanto Public Financing Authority Bonds	Bonds	13,905,492

Investments in any one issuer that represent 5% or more of total investments by reporting unit (primary government, governmental activities, business type activities, fiduciary funds, major funds, nonmajor funds in the aggregate, etc.) are as follows:

The Adelanto Public Utility Authority holds investments in IXIS Investment Agreements equal to $4,280,094. The agreements mature on September 30, 2015 and pay interest at 4.360%.

The Adelanto Water Authority (Public Utility Authority) holds investments (including amounts held by bond trustees) in Public Financing Authority bonds in the amount of $13,905,492. This investment is in the 1995 Series C Bonds.

$1,600,000 of cash and investments (including amounts held by bond trustees) reported in the Redevelopment Agency Debt Service Fund (a major fund of the Agency) and the Governmental Activities in the Statement of Net Assets are held in the form of investment agreements issued by Transamerica Life Insurance Company. These mature on August 31, 2028.

Note 3 Cash and Investments (Continued)

F. Concentration of Credit Risk (Continued)

Business type activities hold investments in IXIS Investment Agreements equal to $4,280,094 (agreements mature on September 30, 2015 and pay interest at 4.360%) and in Public Financing Authority Bonds in the amount of $13,905,492 (consisting of $13,905,492 in the 1995 Series C Bonds).

G. Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the 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, 2011, none of the City's deposits with financial institutions were in excess of federal depository insurance limits.

As of June 30, 2011, City investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the City to buy the securities:

Investment Type	Reported Amount
Money market funds	$ 18,737,327
Investment Agreements	5,880,094

Note 4 Notes Receivable

Notes receivable aggregating $19,316,522 from the sale of the Water and Wastewater System at fair value are discussed as follows:

- The $12,885,353 note receivable from the Public Utility Authority is for the purchase of the City's water operations. The purchase of the City's water operations and related note was originally established by the Adelanto Water Authority, which was acquired by the Public Utility Authority. Payment of not less than $500,000 annually (plus available surplus water revenues) is required under the terms of this note. The Authority is a component unit of the City and therefore, the note has been eliminated for reporting purposes.

Note 4 Notes Receivable (Continued)

The original purchase note accrued interest at 7.5% on the outstanding balance. Because the purchase note payable to the City is subordinate to the Public Utility Authority Bonds, interest on the note would be substantially in excess of the minimum annual payment. Prior to January 1998, management did not anticipate that any payment in excess of the minimum annual payments due on the note would be made prior to the final repayment of the 1995 Water Authority Bonds in 2028. Accordingly, in January 1998, the Governing Board of the Water Authority and the City Council agreed to amend the purchase note on a retroactive basis to eliminate the accrual of interest from July 1996, until such time as all outstanding Water Authority Bonds are repaid (presently scheduled for September 1, 2028). The unpaid balance of the note at that time will accrue interest at 7.5%. Interest accrued through June 30, 1996 amounting to $1,219,659 was unaffected by the purchase note amendment. In a subsequent amendment dated September 2005, the purchase agreement was amended and the interest rate was changed to accrue on the unpaid balance at the rate of 5.0% per annum, from the date of delivery of the 2005 Bonds, to the date on which the full balance has been paid. Subsequent to the fiscal year ended June 30, 2009, an amendment dated November 2009 was issued that updates the terms of the agreement to reflect the issuance of the 2009 Adelanto Public Utility Authority Fixed Rate Refunding Revenue Bonds and the issuance of the amendment dated November 2009 and replaces the 2009 Bond information in place of the 2005 Bond.

- A $6,431,169 note receivable from the Public Utility Authority is for the purchase of the City's wastewater operations. Annual payment of amounts equal to surplus revenues, which are defined as gross wastewater revenues, plus amounts on deposit in the wastewater rate stabilization fund, less payment of operating and maintenance costs, and debt service requirements of the Public Utility Authority is required under the terms of this note. The original purchase note accrued interest at 7.5% on the outstanding balance. Because the purchase note payable to the City is subordinate to the Public Utility Authority Bonds, interest on the note would be substantially in excess of the annual payment. Prior to January 1998, management did not anticipate that any payment in excess of the annual payments due on the note would be made prior to the final repayment of the Public Utility Authority Bonds in 2026. Accordingly, in January 1998, the Governing Board of the Public Utility Authority and the City Council agreed to amend the purchase note on a retroactive basis to eliminate the accrual to interest from July 1996, until such time as all outstanding Public Utility Authority Bonds are repaid (presently scheduled for November 1, 2026). The unpaid balance of the note at that time will accrue interest at 7.5%. In September 2005, the interest rate was amended to accrue on the unpaid balance at the rate of 5.0% per annum, from the date of delivery of the 2005 Bonds, to the date on which the full balance has been paid. The Authority is a component unit of the City and therefore, the Note has been eliminated for reporting purposes. Subsequent to the fiscal year ended June 30, 2008, an amendment dated November 2009 was issued that updates the terms of the agreement to reflect the issuance of the 2009 Adelanto Public Utility Authority Fixed Rate Refunding Revenue Bonds and the issuance of the amendment dated November 2009 and replaces the 2009 Bond information in place of the 2005 Bond.

All principal payments on the notes are recorded as transfers from the Authority to the City.

At June 30, 2011, $1,401,330 of various long-term notes receivable were outstanding. These are composed of notes that were created from the sale of parcels in the Industrial Park No. 2 and Industrial Park No. 3. Such notes bear various interest rates. Due to the nature of the notes receivable, the City has offset the receivable with a corresponding deferred revenue amount.

Note 5 Accounts Receivable

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

	Receivable
Governmental Activities - Accounts	$ 1,401,330
Business-type Activities - Accounts	2,808,752
Totals	$ 4,210,082

Note 6 Interfund Activity

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

a. Transfers

Fund	Transfers-in	Transfers-out
Major Governmental Funds:		
General	$ 2,308,975	$ 190,026
Redevelopment Agency Debt Service		100,000
Nonmajor Governmental Funds:		
Gas Tax		460,000
Measure "I"		120,000
Traffic Offender		30,000
TDA Article 8		70,000
LLMD Annexation		80,000
Public Safety		120,000
COPS Grant		100,000
Redevelopment Agency Capital Projects	100,000	
Internal Service Fund:		
Equipment Replacement	190,026	
Major Enterprise Fund:		
Public Utility Authority		1,328,975
Totals	$ 2,599,001	$ 2,599,001

Transfers to/from other funds have been made in the normal course of business to assist the receiving fund in covering costs incurred by the receiving fund. Disbursing funds receive money which is to be used to fund expenditures in other funds.

Transfers from the Public Utility Authority partially consisted of $1,203,975 made during the fiscal year ended June 30, 2011 in accordance with the note payable agreement between the City and the Public Utility Authority for the purchase of the water and wastewater operations. Please see Note 4 for more details regarding the note. The remainder of transfers were made for the purposes noted in the preceding paragraph.

Note 6 Interfund Activity (Continued)

b. Due To/ From Other Funds

Fund	Receivable	Payable
Major Governmental Funds:		
General	$ 8,825,618	$ 89,016
Sanitation	3,944,746	4,068,314
Redevelopment Agency Debt Service		2,752,636
Nonmajor Governmental Funds:		
Measure "I"	192,055	243,767
Community Development Block Grant		44,923
VVEDA Low/Mod Income Housing	99,018	90,639
Maverick Stadium	46,790	2,621,381
Public Safety		14,667
FEMA/OES		92,286
VVEDA Redevelopment Agency Special Revenue	406	21,088
Transit	6,995	6,452
Redevelopment Agency Capital Projects	239,963	237,203
Redevelopment Agency Project Area 3 Capital Projects	2,826,725	
Redevelopment Agency Project Area 3 Debt Service		323,438
Major Enterprise Funds:		
Public Utility Authority		5,866,862
Correctional Facility	1,174,788	884,432
	$ 17,357,104	$ 17,357,104

Amounts due to/from other funds represent short-term loans between funds to assist funds in covering current fiscal year expenditures.

c. Advances

At June 30, 2011, the funds below have made/received advances that were not expected to be repaid within one year.

Fund	Receivable	Payable
Major Fund:		
General	$ 2,524,243	$ -
Nonmajor Funds:		
Redevelopment Agency Project Area 3 Capital Projects		600,000
Redevelopment Agency Capital Projects		1,924,243
	$ 2,524,243	$ 2,524,243

The advances between the City of Adelanto and the Redevelopment Agency were to provide the Redevelopment Agency with funding for projects and have no stated interest rate. There is no future minimum debt service requirement as repayment will be made when funds are available.

Note 7 Capital Assets

a. Governmental Activities (Redevelopment Agency , Transit Fund, and Internal Service Fund Only)

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

Redevelopment Agency	Balance at July 1, 2010	Additions	Deletions	Balance at June 30, 2011
Capital Assets, not being depreciated:				
Land	$ 8,700	$ -	$ -	$ 8,700
Total	8,700			8,700
Capital Assets, being depreciated:				
Buildings	458,400			458,400
Structures and Improvements	20,000			20,000
Total	478,400			478,400
Less accumulated depreciation for:				
Buildings	(181,068)	(9,168)		(190,236)
Structures and Improvements	(7,900)	(400)		(8,300)
Total	(188,968)	(9,568)		(198,536)
Capital Assets being depreciated, net	289,432	(9,568)		279,864
Total RDA Capital Assets, net	$ 298,132	$ (9,568)	$ -	$ 288,564

Transit Fund				
Capital Assets, being depreciated:				
Machinery and equipment	$ 270,941	$ -	$ -	$ 270,941
Less-Accumulated depreciation	(270,941)			(270,941)
Total Transit Capital Assets, net	$ -	$ -	$ -	$ -

Internal Service Fund				
Capital Assets, being depreciated:				
Machinery and equipment	$ 800,812	$ -	$ -	$ 800,812
Less - Accumulated Depreciation	(200,203)	(80,081)		(280,284)
Total Capital Assets, being depreciated	600,609	(80,081)		520,528
Total ISF Capital Assets, net	$ 600,609	$ (80,081)	$ -	$ 520,528

Note 7 Capital Assets (Continued)

a. Governmental Activities (Redevelopment Agency , Transit Fund, and Internal Service Fund Only)

Depreciation for the Redevelopment Agency is charged to community development expense in the Statement of Activities.

Depreciation for the internal service fund is charged to general government expense in the amount of $28,028 and public safety expense in the amount of $52,053 in the Statement of Activities.

b. Business-type activities

Capital assets of business-type activities for the fiscal year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets, not being depreciated:				
Land	$ 1,157,596	$ 657,785	$ -	$ 1,815,381
Water rights	3,124,799			3,124,799
Construction in progress	14,418,446	1,054,916		15,473,362
Total Capital Assets, not being depreciated	18,700,841	1,712,701		20,413,542
Capital Assets, being depreciated:				
Buildings and improvements	130,128			130,128
Fields and grounds	7,105,847			7,105,847
Wells and pump stations	8,860,081			8,860,081
Reservoirs	387,863			387,863
Machinery and equipment	386,264			386,264
Pipelines	12,553,861			12,553,861
Vehicles	483,999			483,999
Less - Accumulated depreciation	(7,924,019)	(667,003)		(8,591,022)
Total Capital Assets, being depreciated, net	21,984,024	(667,003)		21,317,021
Total Authority Capital Assets, net	$ 40,684,865	$ 1,045,698	$ -	$ 41,730,563

Depreciation for the public utility authority is charged to public utility authority expense in the Statement of Activities.

Note 8 Long-Term Liabilities – Governmental Funds

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

	Balance July 1, 2010	Additions/ Accretions	Repayments	Balance June 30, 2011	Due within one year
Adelanto Improvement Project, Tax Allocation Bonds, Issue 1993B	$ 11,315,000	$ -	$ 540,000	$ 10,775,000	$ 570,000
Adelanto Public Financing Authority, Local Agency Taxable Subordinated Revenue Bonds 1995 Series A	2,620,000		15,000	2,605,000	15,000
Adelanto Public Financing Authority, Local Agency Second Subordinated Revenue Bonds 1995 Series B	14,915,000		310,000	14,605,000	330,000
Adelanto Public Financing Authority, Local Agency Third Subordinated Revenue Bonds 1995 Series C	13,905,492	1,043,679	1,027,331	13,921,840	332,183
Adelanto Improvement Project No. 3 2007 Tax Allocation Bonds	3,395,000		55,000	3,340,000	60,000
Total bonded indebtedness	46,150,492	1,043,679	1,947,331	45,246,840	1,307,183
Compensated Absences	196,201	157,493	161,699	191,995	
Intermountain Power Agency Settlement Agreement	1,989,390			1,989,390	
San Bernardino County Tax Increment Loans	19,588,050	2,687,793		22,275,843	
Total other long-term liabilities	21,773,641	2,845,286	161,699	24,457,228	
Total long-term liabilities	$ 67,924,133	$ 3,888,965	$ 2,109,030	$ 69,704,068	$ 1,307,183

A description of individual long-term obligations outstanding at June 30, 2011 is as follows:

A. 1995 Bonds

In January, 1996, the Redevelopment Agency, through the Adelanto Public Financing Authority, issued $7,400,000 of Adelanto Public Financing Authority Local Agency Taxable Subordinated Revenue Bonds 1995 Series A (the 1995 Series A Bonds); $17,560,000 Adelanto Public Financing Authority Local Agency Second Subordinated Revenue Bonds 1995 Series B (the 1995 Series B Bonds); $11,786,856 Adelanto Public Financing Authority Local Agency Third Subordinated Revenue Bonds 1995 Series C (the 1995 Series C Bonds); and $3,619,668 Adelanto Public Financing Authority Local Agency Fourth Subordinated Revenue Bonds 1995 Series D (the 1995 Series D Bonds). Net proceeds of $38,714,310 (after original issue discount of $234,494 and underwriter fees and other issue costs of $1,417,720) were used, together with $3,764,929 of 1993 Series B and C debt service and reserve fund monies, to advance refund the 1993 Series B Capital Appreciation Bonds ($2,260,422 original principal), the 1993 Series C Term Bonds maturing in 2029 ($21,510,000), and $10,060,000 of outstanding 1993 Series C Serial Bonds maturing after December 1, 1996, as well as to pay the County of San Bernardino settlement agreement ($4,439,871, net) and other costs of implementing the Redevelopment Plan of $41,165.

Note 8 Long-Term Liabilities – Governmental Funds (Continued)

A. 1995 Bonds (Continued)

The 1995 Series A, B, and C bonds are collateralized by loans between the Redevelopment Agency and the Public Financing Authority whose debt service requirements equal the requirements of the underlying bonds. Accordingly, the loans and related activity between the Redevelopment Agency and the Public Financing Authority have been eliminated in the financial statements.

1995 Series A Bonds

The 1995 Series A Bonds consist of $4,780,000 in Serial Bonds and $2,620,000 in Term Bonds. These securities are payable from and secured primarily by the proceeds of repayment of Redevelopment Agency Loan No. 1, which, in turn, is payable solely from tax increment revenues from the Redevelopment Agency's 95-1 Merged Redevelopment Project Area. The serial bonds bear interest at rates from 5.60% to 6.75% which is payable beginning September 1, 1996, and semiannually thereafter on March 1 and September 1, and mature in installments of $255,000 to $520,000 between 1997 and 2009. The term bonds bear interest at 7.20% which is payable beginning September 1, 1996, and semiannually thereafter on March 1 and September 1, and mature September 1, 2025. The term bonds are subject to mandatory redemption beginning in 2010. The bonds maturing on or after September 1, 2006 are subject to optional redemption on any interest payment date on or after September 1, 2005, as a whole or in part by lot, at a redemption price equal to the principal amount to be redeemed together with accrued interest thereon, plus a premium (expressed as a percentage of the principal amount of the bonds to be redeemed), as follows:

Redemption dates	Redemption Price
September 1, 2006 and March 1, 2007	101%
September 1, 2007 and thereafter	100%

A reserve fund is required to be maintained in an amount equal to the reserve requirement of $740,000. The initial deposit in the 1995 Series A Reserve Account from the proceeds of the 1995 Series A Bonds was $740,000 and was equal to the reserve fund at June 30, 2011. Such amount has been included in restricted cash and investments with fiscal agents in the accompanying basic financial statements.

The outstanding balance on the 1995 Series A Bonds at June 30, 2011 was $2,605,000.

Note 8 Long-Term Liabilities – Governmental Funds (Continued)

A. 1995 Bonds (Continued)

1995 Series B Bonds

The 1995 Series B Bonds consist of $2,955,000 Serial Bonds and $14,605,000 Term Bonds and are payable from and secured primarily by the proceeds of repayment of Redevelopment Agency Loan No. 2, which is payable solely from tax increment revenues from the Redevelopment Agency's 95-1 Merged Redevelopment Project Area. The serial bonds bear interest at rates from 5.05% to 6.30% which is payable beginning September 1, 1996, and semiannually thereafter on March 1 and September 1, and mature in installments of $160,000 to $310,000 between 1998 and 2010. The term bonds bear interest at 6.30% which is payable beginning September 1, 1996, and semiannually thereafter on March 1 and September 1, and mature September 1, 2028. The term bonds are subject to mandatory redemption beginning in 2011. The bonds maturing on or after September 1, 2006 are subject to optional redemption on any interest payment date on or after September 1, 2005, as a whole or in part by lot, at a redemption price equal to the principal amount to be redeemed together with accrued interest thereon, plus a premium (expressed as a percentage of the principal amount of the bonds to be redeemed), as follows:

Redemption Dates	Redemption Price
September 1, 2006 and March 1, 2007	101%
September 1, 2007 and thereafter	100%

A reserve fund is required to be maintained in an amount equal to the lesser of (i) 10% of the principal amount of bonds ($1,756,000), (ii) maximum annual debt service ($2,549,495) or (iii) 125% of average annual debt service ($1,704,917). Such amount has been included in cash and investments with fiscal agents in the accompanying basic financial statements.

The outstanding balance on the 1995 Series B Bonds, at June 30, 2011, was $14,605,000.

1995 Series C Bonds

The 1995 Series C Bonds have been purchased by the Water Authority. Such bonds consist of $11,786,856 Capital Appreciation Bonds, payable from and secured primarily by the proceeds of repayment of Redevelopment Agency Loan No. 3, which, in turn, are payable solely from tax increment revenues from the Redevelopment Agency's 95-1 Merged Redevelopment Project Area.

Interest at 7.50% on the Capital Appreciation Bonds shall be compounded semiannually on each March 1 and September 1 commencing March 1, 1996, and shall be payable only at maturity. The 1995 Series C Bonds are subject to mandatory redemption to the extent the Financing Authority receives the scheduled redemption payments of Redevelopment Agency Loan No. 3. These scheduled payments are in varying amounts beginning September 1, 1996 and on each interest payment date thereafter.

Note 8 Long-Term Liabilities – Governmental Funds (Continued)

A. 1995 Bonds (Continued)

1995 Series C Bonds (Continued)

Bonds maturing on or after September 1, 2006 are subject to optional redemption on any interest payment date on or after September 1, 2005, as a whole or in part by lot, at a redemption price equal to the principal amount to be redeemed together with accrued interest thereon, plus a premium (expressed as a percentage of the principal amount of the bonds to be redeemed), as follows:

Redemption Dates	Redemption Price
September 1, 2006 and March 1, 2007	101%
September 1, 2007 and thereafter	100%

The 1995 Series C Bonds carry no reserve fund requirement.

During the fiscal year ended June 30, 2011, the Agency recognized accretion of $1,043,679 and made payments to the Water Authority of $1,027,331. The balance outstanding on the 1995 Series C Bonds, at June 30, 2011, was $13,921,840.

B. 1993 Tax Allocation Bonds

1993 Series B Bonds

The 1993 Series B Bonds consist of $11,315,000 Term Bonds and are payable from and secured by tax increment revenues of the 95-1 Merged Redevelopment Project Area. The 1993 Series B Term Bonds bear interest at a rate of 5.50% per annum payable on December 1, 1994 and semiannually thereafter, on June 1 and December 1 of each year and are subject to mandatory sinking fund redemption commencing December 1, 2010.

The 1993 Series B Term Bonds maturing on December 1, 2023 are subject to optional redemption on any interest payment date on or after December 1, 2005, by lot, at the option of the Redevelopment Agency at a redemption price equal to the principal amount to be redeemed together with accrued interest to the redemption date plus a premium (expressed as a percentage of the principal amount of the 1993 Series B Term Bonds to be redeemed), as follows:

Redemption Dates	Redemption Price
December 1, 2005 and thereafter	100%

Note 8 Long-Term Liabilities – Governmental Funds (Continued)

B. 1993 Tax Allocation Bonds (Continued)

A surety bond was purchased to satisfy the reserve requirement (equal to the lesser of (i) 10% of the principal amount of bonds outstanding or (ii) maximum annual debt service); accordingly, there is no additional reserve fund required to be maintained.

The outstanding balance on the 1993 Series B Bonds at June 30, 2011 was $10,775,000.

C. 2007 Tax Allocation Bonds

On December 4, 2007, the Redevelopment Agency issued the 2007 Tax Allocation Bonds for the purpose of (i) funding redevelopment projects of the Agency, (ii) funding the reserve requirement, and (iii) paying the costs of issuance on the Bonds. The Bonds are payable from and secured by the tax revenues allocated to the Agency for the project areas. The principal and semiannual interest shall be due on March 1 and September 1 of each, commencing March 1, 2008. The Bonds are not a debt of the City, the State of California or any of its political subdivisions. The principal amount of the Bonds being issued was $3,560,000.

The Bonds maturing on or before September 1, 2017 are not subject to optional redemption prior to maturity. The Bonds maturing on and after September 1, 2018, are subject to redemption, at the option of the Agency on any date on or after September 1, 2017, as a whole or in part, by such maturities as will be determined by the Agency, and by lot within a maturity from any available source of funds, at a redemption price equal to the par amount of the Bonds being so redeemed, without premium, together with accrued interest thereon to the date fixed for the redemption. The Term Bonds maturing on September 1, 2027 and September 1, 2037 shall be subject to mandatory redemption in part by lot on September 1, 2023, and September 1, 2028, respectively, and on September 1 of each year thereafter.

The Agency utilized bond proceeds for a variety of redevelopment and economic development purposes.

The outstanding balance on the 2007 Tax Allocation Bonds, at June 30, 2011, was $3,340,000.

D. Debt Service Requirements

The following schedules illustrate the debt service requirements to maturity for the long-term debt bonds outstanding as of June 30, 2011:

Fiscal Year	1993 Series B Tax Allocation Bonds		
Ended June 30,	Principal	Interest	Total
2012	$ 570,000	$ 576,951	$ 1,146,951
2013	600,000	544,776	1,144,776
2014	635,000	510,813	1,145,813
2015	670,000	474,925	1,144,925
2016	705,000	437,113	1,142,113
2017-2021	4,290,000	1,534,229	5,824,229
2022-2024	3,305,000	278,988	3,583,988
	$ 10,775,000	$ 4,357,795	$ 15,132,795

Note 8 Long-Term Liabilities – Governmental Funds (Continued)

D. Debt Service Requirements (Continued)

The following schedules illustrate the debt service requirements to maturity for the long-term debt bonds outstanding as of June 30, 2011 (Continued):

Fiscal Year	1995 Series A Revenue Bonds		
Ended June 30,	Principal	Interest	Total
2012	$ 15,000	$ 187,020	$ 202,020
2013	15,000	185,940	200,940
2014	15,000	184,860	199,860
2015	15,000	183,780	198,780
2016	20,000	182,520	202,520
2017-2021	65,000	892,620	957,620
2022-2026	2,460,000	711,720	3,171,720
	$ 2,605,000	$ 2,528,460	$ 5,133,460

Fiscal Year	1995 Series B Revenue Bonds		
Ended June 30,	Principal	Interest	Total
2012	$ 330,000	$ 909,721	$ 1,239,721
2013	345,000	888,458	1,233,458
2014	375,000	865,778	1,240,778
2015	400,000	841,366	1,241,366
2016	425,000	815,378	1,240,378
2017-2021	2,470,000	3,633,213	6,103,213
2022-2026	3,305,000	2,744,125	6,049,125
2027-2029	6,955,000	674,889	7,629,889
	$ 14,605,000	$ 11,372,928	$ 25,977,928

Fiscal Year	1995 Series C Revenue Bonds		
Ended June 30,	Principal	Interest	Total
2012	$ 332,183	$ 738,683	$ 1,070,866
2013	320,433	791,468	1,111,901
2014	309,586	846,777	1,156,363
2015	298,287	900,966	1,199,253
2016	287,892	958,036	1,245,928
2017-2021	1,356,754	5,998,530	7,355,284
2022-2026	1,165,127	7,913,400	9,078,527
2027-2029	9,851,578	4,585,921	14,437,499
	$ 13,921,840	$ 22,733,781	$ 36,655,621

Note 8 Long-Term Liabilities – Governmental Funds (Continued)

D. Debt Service Requirements (Continued)

The following schedules illustrate the debt service requirements to maturity for the governmental long-term debt bonds outstanding as of June 30, 2011 (Continued):

Fiscal Year Ended June 30,	2007 Tax Allocation Bonds		
	Principal	Interest	Total
2012	$ 60,000	$ 189,388	$ 249,388
2013	60,000	186,801	246,801
2014	65,000	184,096	249,096
2015	65,000	181,203	246,203
2016	70,000	178,095	248,095
2017-2021	405,000	833,710	1,238,710
2022-2026	525,000	707,715	1,232,715
2027-2031	700,000	526,800	1,226,800
2032-2036	935,000	283,650	1,218,650
2037-2038	455,000	27,750	482,750
	$ 3,340,000	$ 3,299,208	$ 6,639,208

Fiscal Year Ended June 30,	Total		
	Principal	Interest	Total
2012	$ 1,307,183	$ 2,601,763	$ 3,908,946
2013	1,340,433	2,597,443	3,937,876
2014	1,399,586	2,592,324	3,991,910
2015	1,448,287	2,582,240	4,030,527
2016	1,507,892	2,571,142	4,079,034
2017-2021	8,586,754	12,892,302	21,479,056
2022-2026	10,760,127	12,355,948	23,116,075
2027-2031	17,506,578	5,787,610	23,294,188
2032-2036	935,000	283,650	1,218,650
2037-2038	455,000	27,750	482,750
	$ 45,246,840	$ 44,292,172	$ 89,539,012

E. Intermountain Power Agency Settlement Agreement

The Redevelopment Agency entered into an agreement with the Intermountain Power Agency (IPA) in April, 1993 regarding reimbursement of certain incremental property taxes generated by parcels owned by the IPA within the Agency project areas for 1992 and prior years. The IPA had filed appeals relating to the assessed value of these parcels for 1989 through 1992. As a condition of the agreement with the Agency, the IPA agreed to withdraw such appeals. The IPA filed an appeal for the 1993 assessed value, which was granted in September 1997. The IPA also filed appeals for fiscal years 1995 and 1996.

Note 8 Long-Term Liabilities – Governmental Funds (Continued)

E. Intermountain Power Agency Settlement Agreement (Continued)

The agreement states that if the IPA seeks a reassessment of the assessed value of the parcels (i.e., the 1993 appeal) and is successful in any future claim resulting in a reduction in property taxes assessed by the County or other taxing entity, the Agency agrees to reimburse the IPA for those amounts (to a maximum of $2,200,000) that the IPA calculates that it would have lost in refunds as a result of dismissing the appeals for 1992 and prior. The reimbursement is to be paid by the Agency each year, beginning 90 days from a final decision by the County resulting in a reduced tax assessment, in an annual amount equal to $78,751 multiplied by a "Fractional Amount" as defined in the agreement. The term "Fractional Amount" has been determined to be the amount of the actual reduction in the tax assessment as determined by the County divided by an amount equal to the reduction in such tax assessment sought by the IPA.

Amounts due under the agreement are payable annually beginning 90 days after the final decision and continuing on or before September 30 of each year until the obligation ($2,200,000 multiplied by the "Fractional Amount") is paid in full. Amounts due to the IPA under this agreement are subordinate to all tax allocation bonds of the Agency, whenever incurred. Based on the assessment reduction received by the IPA for 1993, the liability that the Agency has incurred under this agreement is $1,989,390. Scheduled payments have been deferred by the Agency due to subordination to the tax allocation bonds outstanding. Since the Agency was a principal beneficiary of such property taxes, the full amount of such payments has been established as a long-term liability in the financial statements as of June 30, 2011.

F. San Bernardino County Tax Increment Loans

During fiscal year 1996, the Redevelopment Agency and San Bernardino County amended the pass-through agreement for incremental property taxes in the Project Area. Under the revised agreement, the Agency is required to relinquish approximately 33% of incremental property taxes to the County, of which approximately one-half (16.26%) would be subordinate to the Agency's existing long-term debt. The County will loan to the Agency, at the rate of 7% per annum, the amount of the deferred incremental property taxes needed to meet debt service requirements on the refunding bonds plus amounts needed, up to $100,000 annually, to administer the Agency's long-term debt. Any such loans are subordinate to Series A, B, and C of the Adelanto Public Financing Authority refunding bonds, but senior to the Series D Bonds. The outstanding balance on the loans at June 30, 2011 was $22,275,843.

G. Defeasance of Debt

In prior years, the Redevelopment Agency defeased certain tax allocation bonds by placing the proceeds of the new bonds in irrevocable trust accounts to provide for all future debt service payments on the old bonds. Accordingly, the liabilities and any related trust account assets for the defeased bonds have not been included in the accompanying basic financial statements.

At June 30, 2011, the following bond issues outstanding are considered defeased:

1986 Tax Allocation Bonds	$ 1,550,000

Note 9 Long-Term Liabilities – Enterprise Funds

The following is a schedule of changes in long-term debt of the City's enterprise funds for the fiscal year ended June 30, 2011:

	Balance July 1, 2010	Additions/ accretions	Principal payments	Balance June 30, 2011	Due within one year
Adelanto Public Utility Authority Fixed Rate Refunding Revenue Bonds 2009 Series A	$ 76,825,000	$ -	$ -	$ 76,825,000	$ -
Unamortized discount	(1,111,597)		19,994	(1,091,603)	
Compensated Absences	52,892	67,674	(42,787)	77,779	
Settlement Payable	4,524,000			4,524,000	
Total long-term debt	$ 80,290,295	$ 67,674	$ (22,793)	$ 80,335,176	$ -

In regards to the 2005 Series A and 2005 Series B Bonds, the Adelanto Public Utility Authority (Authority) has entered into interest rate swap agreements pursuant to a master agreement, effective September 7, 2005. The swap provider is Piper Jaffray Financial Products Inc. Under the swap associated with the Series A Bonds, the Authority will pay a fixed rate of 3.387% and receive amounts based upon a variable rate (based on 63% of the One-Month London Interbank Offering Rate (LIBOR) plus 30 basis points). In regards to the 2005 Series B Bonds, there are two separate swaps. The first swap's period started on September 7, 2005, through but excluding September 1, 2008. The Authority will pay a fixed rate of 4.485% and receive amounts based upon a variable rate (based on 63% of LIBOR plus 30 basis points). The second swap for the 2005 Series B Bonds begins on September 1, 2008 and continues for the remaining life of the 2005 Series B Bonds. The Authority will pay a fixed rate of 3.447% and receive amounts based upon a variable rate (based on 63% of LIBOR plus 30 basis points). The payment obligations of the Authority under the 2005 SWAP (excluding Termination Payments thereunder) will constitute Parity Obligations and the payments received by the Authority under the 2005 Swap will be pledged to the payment of the 2005 Series A Bonds and the 2005 Series B Bonds. The payment obligations of the Authority under the 2005 Swap that constitute Termination Payments constitute Subordinate Obligations under the Indenture.

Ambac Assurance Corporation has issued a financial guaranty insurance policy in regards to the issuance of the 2005 Series A and 2005 Series B Bonds. Ambac Assurance will pay the Bank of New York (or any successor) the portion of the principal and interest on the Bonds that become due and remain unpaid. The insurance will extend for the term of the Bonds and cannot be canceled.

Please see the disclosure under Commitments and Contingencies for additional information regarding the 2005 Series A and 2005 Series B Bonds.

On December 19, 2007, there was a reoffering of the 2005 Series A and Series B bonds. The bonds were reoffered and delivered as auction rate bonds (ARB), in the principal amount set on September 7, 2005. The auction rate for the Bonds will be determined, in most cases, through the implementation of the auction procedures. The initial period for the 2005 Series A bonds shall be the period commencing on and including the reoffering date and ending on and including December 26, 2007, with interest payable for the initial period on December 27, 2007, and thereafter the auction period shall be a 7-day auction period with auctions generally conducted every Wednesday. The initial period for the 2005 Series B bonds shall be the period commencing on and including the reoffering date and ending on and including December 26, 2007, with interest payable for the initial period on December 27, 2007, and thereafter the auction period shall be a 28-day auction period with auctions generally

Note 9 Long-Term Liabilities – Enterprise Funds (Continued)

conducted every fourth Wednesday. The applicable auction rate will not exceed the ARB maximum rate of 12% per annum.

On December 22, 2009, the Adelanto Public Utility Authority Fixed Rate Refunding Revenue Bonds 2009 Series A were issued which refunded the 2005 A and B Bonds. Please see the note for the Adelanto Public Utility Authority Fixed Rate Refunding Revenue Bonds 2009 Series A for additional information.

A. Adelanto Public Utility Authority Refunding Revenue Bonds, 2005 Series A

In September, 2005, the Adelanto Public Utility Authority issued $55,615,000 of Variable Rate Refunding Revenue Bonds to advance refund $30,670,000 of outstanding Revenue Bonds 2000 Series A and B. Interest on the 2005 Series A Revenue Bonds is payable initially on October 1, 2005, and monthly thereafter until November 1, 2034.

Net proceeds of approximately $30.9 million (after payment of a $436,578 underwriter's discount, $1,254,983 in issuance costs, and $3,308,384 to a reserve fund) plus an additional $817,710 of 2000 Series A and B debt service reserve fund monies were used to purchase state and local government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2000 Series A and B Revenue Bonds. As a result, the 2000 Series A and B Revenue Bonds are considered to be defeased and the liability for those bonds has been removed from the accompanying financial statements.

The remaining amount of $20.5 million is to be used to finance improvements to both the Water and Wastewater Systems.

After the fixed rate conversion date, the Bonds are subject to redemption at the option of the Public Utility Authority in whole or in part in integral multiples of $5,000, at a redemption price equal to the principal amount plus premium (expressed as a percentage of the principal amount of such bonds to be prepaid) plus accrued interest to the date fixed for prepayment, as set forth below:

The Public Utility Authority is required to create and maintain a separate Rate Stabilization Fund to be held by the Trustee. The minimum rate stabilization requirement for the 2005 Bonds Series A and B is $700,000. As of June 30, 2011, the total balance in the Rate Stabilization Fund was $2,100,000 and is included in restricted cash and investments.

The Public Utility Authority is required under the Bond Indenture to fix, prescribe, revise and collect rates, fees, and charges for the services and facilities furnished by the wastewater system during each fiscal year, which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield gross wastewater revenues to pay the following amounts in the following order of priority:

- All wastewater operation and maintenance costs estimated by the Authority to become due and payable in such fiscal year.
- The 2005 Series A Public Utility Authority Revenue Bonds debt service payments as they become due and payable during such fiscal year.
- All amounts, if any, required to restore the balance in the Rate Stabilization Fund.
- All amounts required by the Wastewater Purchase Agreement for payment of Wastewater Purchase Payments.
- All other payments required to meet any other obligations of the Public Utility Authority which are payable from gross revenues during such fiscal year.

Note 9 Long-Term Liabilities – Enterprise Funds (Continued)

A. Adelanto Public Utility Authority Refunding Revenue Bonds, 2005 Series A (Continued)

In addition, the Public Utility Authority is required to fix, prescribe, revise, and collect rates, fees and charges for the services and improvements furnished by the wastewater enterprise and water enterprise during each fiscal year which are sufficient to yield combined net wastewater revenues and net water revenues at least equal to 125% of the total debt service payments (2005A and 2005B) coming due and payable in such fiscal year.

On December 22, 2009, the Adelanto Public Utility Authority Fixed Rate Refunding Revenue Bonds 2009 Series A were issued and refunded the 2005 A and 2005 B Bonds. The 2005 A and 2005 B Bonds were defeased and are no longer a debt of the Authority. Please see the note for the Adelanto Public Utility Authority Fixed Rate Refunding Revenue Bonds 2009 Series A for additional information.

B. Adelanto Public Utility Authority Revenue Bonds, 2005 Series B

In September, 2005, the Adelanto Public Utility Authority issued $15,020,000 of Variable Rate Refunding Revenue Bonds (2005 Series B), approximately $13.8 million, was used to advance refund $13,655,000 of outstanding Revenue Bonds, 1990 Series C Bonds. Interest on the 2005 Series B Revenue Bonds is payable initially on October 1, 2005, and monthly thereafter through November 1, 2034.

The issuance resulted in net proceeds of approximately $13.5 million (after payment of a $117,907 underwriter's discount, $495,356 in issuance costs, and $971,711 in a reserve fund). Of the $13.5 million in net proceeds and an additional $300,696 in funds from prior bond reserve funds, $13.8 million was used to purchase state and local government securities. Those securities were deposited in an irrevocable trust with an escrow agent to be used, to pay principal and interest on the 2000 Series C Revenue Bonds. As a result, the 2000 Series C Revenue Bonds are considered to be defeased and the liability for those bonds has been removed from the accompanying financial statements.

The Public Utility Authority is required under the Bond Indenture to fix, prescribe, revise and collect rates, fees, and charges for the services and facilities furnished by the wastewater system during each fiscal year, which are at least sufficient, after making allowances for contingencies and errors in the estimates, to yield gross wastewater revenues to pay the following amounts in the following order of priority:

- All wastewater operation and maintenance costs estimated by the Authority to become due and payable in such fiscal year.
- The 2005 Series B Public Utility Authority Revenue Bonds debt service payments as they become due and payable during such fiscal year.
- All amounts, if any, required to restore the balance in the Rate Stabilization Fund.
- All amounts required by the Wastewater Purchase Agreement for payment of Wastewater Purchase Payments.
- All other payment required to meet any other obligations of the Public Utility Authority which are payable from gross revenues during such fiscal year.

In addition, the Public Utility Authority is required to fix, prescribe, revise, and collect rates, fees and charges for the services and improvements furnished by the wastewater enterprise and water enterprise during each fiscal year which are sufficient to yield combined net wastewater revenues and net water revenues at least equal to 125% of the total debt service payments (2005A and 2005B) coming due and payable in such fiscal year.

Note 9 Long-Term Liabilities – Enterprise Funds (Continued)

B. Adelanto Public Utility Authority Revenue Bonds, 2005 Series B (Continued)

On December 22, 2009, the Adelanto Public Utility Authority Fixed Rate Refunding Revenue Bonds 2009 Series A were issued and refunded the 2005 A and 2005 B Bonds. The 2005 A and 2005 B Bonds were defeased and are no longer a debt of the Authority. Please see the note for the Adelanto Public Utility Authority Fixed Rate Refunding Revenue Bonds 2009 Series A for additional information.

C. Adelanto Public Utility Authority Fixed Rate Refunding Revenue Bonds 2009 Series A

On December 22, 2009, the Adelanto Public Utility Authority issued $76,825,000 Fixed Rate Refunding Revenue Bonds to provide funds to (i) refund the Authority's outstanding $53,125,000 Variable Rate Refunding Revenue Bonds, 2005 Series A (Utility System Project) and its outstanding $14,410,000 Taxable Variable Rate Refunding Bonds, 2005 Series B (Utility System Project), ii) finance certain capital improvements to the Authority's water treatment, production, storage and distribution system and its wastewater collection and treatment system and other related costs, iii) fund a debt service reserve fund for the 2009 Bonds, and iv) pay the costs of issuing the 2009 Bonds. The bonds are composed of serial and term bonds. The serial bonds have varies maturity dates with the last maturity date being July 1, 2026. The interest rates range from 4.00% to 6.25%. There are also two term bonds with one term bond in the amount of $14,800,000 (maturity date of July 1, 2031 and an interest rate of 6.625%), and the second term bond in the amount of $36,885,000 (maturity date of July 1, 2039 and an interest rate of 6.750%).

The 2009 Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2005, as amended and supplemented including the Fourth Supplemental Indenture dated as of November 1, 2009 by and between the Authority and the Trustee. Interest on the 2009 Bonds are payable on January 1 and July 1 of each year, commencing on July 1, 2010.

The 2009 Bonds are special obligations of the Authority, payable solely from and secured by a pledge of Pledged Utility Revenue and from certain other amounts on deposit in funds and accounts under the Indenture. Pledged Utility Revenues primarily consist of i) net wastewater revenues and ii) net water revenues. In order to comply with applicable law, each of the Water and Wastewater Enterprises are obligated to pay only its proportionate share of the 2009 Bonds (59% for Water and 41% for Wastewater).

The Authority has covenanted to fix, prescribe and collect fees, tolls, assessments, rates and charges for the Utility System in order to satisfy certain coverage requirements.

The 2009 Bonds maturing on or before July 1, 2019 are not subject to optional redemption prior to maturity. The 2009 Bonds maturing on or after July 1, 2020 are subject to redemption prior to their respective maturity dates, at the option of the Authority, as a whole, or in part, as determined by the Authority, on any date after July 1, 2019, from any source of available funds, at the principal amount of the 2009 Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

The 2009 Term Bonds are subject to redemption in part by lot, on July 1 in each year commencing July 1, 2027 from Sinking Fund Installments made by the Authority into the Debt Service Fund, at a redemption price equal to the principal amount to be redeemed, without premium, in the aggregate respective principal amounts and on July 1 in the respective years set forth in the following tables, or in lieu thereof may be purchased.

Note 9 Long-Term Liabilities – Enterprise Funds (Continued)

C. Adelanto Public Utility Authority Fixed Rate Refunding Revenue Bonds 2009 Series A (Continued)

The Authority is obligated to maintain an amount in the debt service reserve account equal to the debt service reserve requirement which is equal to the least of (a) 10% of the initial offering price to the public of the Bonds, (b) the greatest amount of Bond Debt Service in any Bond Year during the period commencing with the Bond Year in which the determination is being made and terminating with the last Bond Year in which any Bond is due, or (c) 125% of the sum of the Bond Debt Service for all Bond Years during the period commencing with the Bond Year in which such calculation is made and terminating with the last Bond Year in which any Bond debt service is due, divided by the number of such Bond Years. The balance in the debt service reserve account as of June 30, 2010 is $6,159,482.

The Rate Stabilization Fund is are pledged to secure payment, to the extent Gross Wastewater Revenues, Gross Water Revenues and/or purchased securities revenues are insufficient for such purposes, the following amounts in the following order of priority:

1. All wastewater operation and maintenance costs and wastewater operation and maintenance costs to become due and payable in the current fiscal year,
2. Principal of and interest on the outstanding bonds and parity obligations becoming due and payable during the fiscal year, including sinking fund installments,
3. All other payments required for compliance with the indenture and the legal documents pursuant to which any parity obligations were issued,
4. Water purchase payments and wastewater purchase payments up to a maximum of $1 million annually; provided, however, that no amounts will be transferred from the Rate Stabilization Fund for this purpose unless pledged utility revenues plus additional revenues equal 125% of debt service in the current fiscal year,
5. Any termination payments.

The Rate Stabilization Requirement is $2,100,000 and is equal to the amount currently in the Rate Stabilization Account as of June 30, 2011.

As of June 30, 2011, the amount due on the Adelanto Public Utility Authority Fixed Rate Refunding Revenue Bonds 2009 Series A is $76,825,000.

D. Adelanto Correctional Facility 2001 A Lease Revenue Refunding Bonds

On September 21, 2001, the Adelanto Public Financing Authority issued $9,185,000 of Lease Revenue Refunding Bonds to provide funds to advance refund the 1990 Adelanto Correctional Facility Certificates of Participation. The 2001A bonds bear interest at rates ranging from 2.50% to 4.00% for $5,790,000 serial bonds with maturity dates through April 1, 2007, and 5.25% for term bonds maturing April 1, 2010, in the amount of $3,395,000.

The Bonds are payable from the revenues pledged under the Indenture, consisting primarily of base rental payments to be made by the City of Adelanto (the "City") to the Adelanto Public Financing Authority (the "Authority") for the lease of the Adelanto Community Correctional Facility (the "Leased Property") pursuant to a lease (the "Lease"), as described herein and from certain funds held under the Indenture and insurance or condemnation awards. The City is required under the Lease to make payments in each fiscal year in consideration of the use and possession of the Leased Property in an amount sufficient to pay the annual principal and interest due with respect to the Bonds, subject to abatement, as described herein. All payments by the City under the Lease will be made solely from payments received by the City under a RTC Facility Contract (the "State Contract" herein)

Note 9 Long-Term Liabilities – Enterprise Funds (Continued)

D. Adelanto Correctional Facility 2001 A Lease Revenue Refunding Bonds (Continued)

with the State of California Department of Corrections (the "State" or the "Department") as described herein. Payments due under the State Contract are payable only from current funds which are budgeted and appropriated annually or otherwise legally available for such purpose.

The net proceeds of approximately $9.3 million (after payment of a $183,700 underwriter's discount, $212,371 in issuance costs, and $918,500 to a rate stabilization fund) plus an original issue premium of $334,817 and an additional $1.4 million of 1990 ACF COP debt service reserve fund monies were used to purchase state and local government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1990 ACF COP. As a result, the 1990 ACF COPS are considered to be defeased and the liability for those bonds has been removed from the accompanying financial statements.

E. Debt Service Requirements

The following schedule illustrates the debt service requirements to maturity for bonds outstanding as of June 30:

Fiscal year	Fixed Rate Refunding Revenue Bonds 2009 Series A
2012	$ 4,824,906
2013	5,966,606
2014	5,964,106
2015	5,964,706
2016	5,966,562
2017-2021	29,829,435
2022-2026	29,830,180
2027-2031	29,829,446
2032-2036	29,825,836
2037-2040	23,863,002
	171,864,785
Less amount representing interest	95,039,785
Balance outstanding	$ 76,825,000

F. Defeasance of Debt

At June 30, 2010, the 1995, 1998, 2000, and 2005 debt amounts have been paid in full. There are no outstanding debt balances related to these issues.

G. Compensated Absences

As of the fiscal year ended June 30, 2011, the total accrued employee leave benefits were $191,995 for governmental activities and $77,779 for business-type activities.

Note 10 Insurance – Joint Powers

The City of Adelanto is a member of the Public Entity Risk Management Authority (PERMA) (a joint powers authority of 26 California entities) for the purpose of pooling their general liability losses and claims with those of other member cities. PERMA is governed by the Board of Directors. For comprehensive general liability claims, the pool will share the loss among its members up to a maximum of $40,000,000 (combined single limit per occurrence). The general liability pool is funded by an annual deposit based on prior claims activity. A retrospective amount is charged if claim costs are in excess of that amount. If costs are less, a refund is received. Claims, expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The City funds all claims payable, including those incurred but not reported, in its annual deposit. Therefore, no liability is shown on the City's financial statements. There have been no significant changes in insurance coverage from the prior year. The City also participates in the pool for worker's compensation and employer's liability. The limit of coverage for worker's compensation is $300,000,000 and the limit of coverage for employer's liability is $5,000,000.

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

Note 11 Commitments and Contingencies

a. Financial Stability

In January 1996, the Redevelopment Agency issued approximately $40 million in refunding bonds. The proceeds were used to refund the Redevelopment Agency's 1993 Series C Bonds, the capital appreciation bonds of the Redevelopment Agency's 1993 Series B Bonds outstanding, as well as pay amounts due under a settlement agreement with the County of San Bernardino. Amounts due the City of approximately $1,227,000 were subordinated to the refunding bonds effective July 1, 1997. Finally, in accordance with the settlement agreement reached with the County of San Bernardino, because property tax increment revenues were insufficient to meet total debt service obligations on the 1995 Series A, B, C, and D Bonds, the property tax increment passed through to the County of San Bernardino was deferred and the amount is included in the financial statements as a loan payable.

The effect of defeasance of the Redevelopment Agency bonds, issuance of the note to the City, and subordination of the current amounts due the City to the outstanding bonds was for the Redevelopment Agency to defer debt payments, reduce annual debt service requirements, and provide cash for certain immediate needs. Issuance of these bonds does not, however, eliminate the Redevelopment Agency's long-term liquidity concerns. Management's projections, based in part on current year's operating results, indicate that estimated future Redevelopment Agency resources will be sufficient to pay maturing long-term obligations as they become due. See Note 16 for more information regarding the Redevelopment Agency.

b. General Litigation

In the normal course of operations, the City has been subjected to certain routine litigation matters. Except for the matter noted below, the City's litigation centers around contractor/developer and other operating matters related to its Redevelopment Agency, as

Note 11 Commitments and Contingencies (Continued)

well as maintenance of the City's water rights. The City's management believes that actual damages sustained, if any, will not be material to the City's financial statements.

The City's Redevelopment Agency is also a plaintiff in certain matters involving property in dispute. The City's management does not believe that the costs of such litigation will have a significant adverse effect on the City's financial operations.

The City has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's belief that any required reimbursements will not be material.

c. Intermountain Power Agency Settlement Agreement

The Redevelopment Agency entered into an agreement with the Intermountain Power Agency (IPA) in April 1993, regarding reimbursement of certain incremental property taxes generated by parcels owned by the IPA within the Redevelopment Agency project areas for 1992 and prior years. The IPA had filed appeals relating to the assessed value of these parcels for years 1989 through 1992. As a condition of the agreement with the Redevelopment Agency, the IPA agreed to withdraw such appeals. The IPA also filed appeals for property tax years 1993, 1995, and 1996.

The agreement states that if the IPA seeks a reassessment of the assessed value of the parcels (i.e., the 1993 appeal) and is successful in any future claim resulting in a reduction in property taxes assessed by the County or other taxing entity, the Redevelopment Agency agrees to reimburse the IPA for those amounts (to a maximum of $2,200,000) that the IPA calculates that it would have lost in refunds as a result of dismissing the appeals for 1992 and prior. The reimbursement is to be paid by the Redevelopment Agency each year, beginning 90 days from a final decision by the County resulting in a reduced tax assessment, in an annual amount equal to $78,751 multiplied by a "Fractional Amount", as defined in the agreement. The term "Fractional Amount" has been determined to mean the amount of the actual reduction in the tax assessment as determined by the County divided by an amount equal to the reduction in such tax assessment sought by the IPA.

Amounts due under the agreement are payable annually beginning 90 days after the final decision and continuing on or before September 30 of each year until the obligation ($2,200,000 multiplied by the "Fractional Amount") is paid in full. Amounts due to the IPA under this agreement are subordinate to all tax allocation bonds of the Redevelopment Agency, whenever incurred. Based on the assessment appeal granted to the IPA for 1993, the liability that the Redevelopment Agency has incurred under this agreement is $1,989,390. Since the Redevelopment Agency was a principal beneficiary of such property taxes, the full amount of such payments has been established as a long-term liability in the accompanying financial statements as of June 30, 2011.

At June 30, 2011, no amounts have been paid by the Redevelopment Agency under this agreement.

The IPA also filed appeals for subsequent fiscal years as well, contending that the plant is not operating at full capacity and that deregulation has affected the value of the property. The Redevelopment Agency's management is cooperating with the San Bernardino County Tax Assessor on this matter. The Redevelopment Agency's management has asserted that the plant is operating at capacity and that deregulation affects only the generation, not the transmission or distribution of electricity.

The assessed value of the IPA parcels represents a significant portion of the total assessed value of property in the Redevelopment Agency's project area. The resulting decrease in

Note 11 Commitments and Contingencies (Continued)

c. Intermountain Power Agency Settlement Agreement (Continued)

incremental property tax revenues from these parcel reassessments could adversely impact the Redevelopment Agency's ability to fund its debt service requirements and could have a similar effect on other related units of the Adelanto City government.

d. Deferred Housing Set-Aside

California redevelopment law generally requires that redevelopment agencies set aside 20% of tax increment earned into a separate housing fund to be used for improving the supply and quality of housing benefiting low and moderate-income households. Prior to merging the project areas in December 1995, the Agency's governing board determined that there was a sufficient supply of adequate housing for low and moderate-income households for the foreseeable future and that no set-aside was required. Subsequent to merging the project areas in December 1995, the Agency was required to set aside 20% of tax increment in a Housing Fund, regardless of any prior determinations regarding low and moderate-housing. Because of the Agency's existing obligations, in accordance with California Health and Safety Code Section 33334.6(d), the Agency's Governing Board has determined to defer payment of such housing set-aside amounts for fiscal years 1996 through 2009. Such deferral aggregated $13,662,706. The deferred payment of housing set-aside is considered a long-term obligation of the Agency and is subordinate to all other Agency indebtedness, as such, the obligation is not likely to be funded in the foreseeable future. See Note 15 for additional details.

e. California Department of Corrections and Rehabilitation

The City filed a formal appeal with the California Department of Corrections and Rehabilitation (CDCR) of the findings identified in the final audit reports dated January 30, 1996, by the State Controller's Office (SCO) and November 20, 2003, by the Department of Finance (DOF). The SCO audit report identified six findings totaling $2,061,241 in questioned costs and the CDCR's Administrative Review Committee (ARC) ruled in favor of the City on findings 1,2,3,5, and 6. In regards to finding number 4, which pertains to who is entitled to the ownership of financing reserves of the bonds issued by the City (the City claimed that the City was entitled to these funds), the State stated that this matter was being handled separately from the audit and did not render a ruling. The City subsequently filed a claim with the CDCR for this money (approximately $1,669,572.90 in unpaid lease payments from December 2008 until the end of March 2010) and on January 28, 2010, the CDCR rejected the City's claim. The City had six months from that date to determine if it should file a lawsuit on this matter. In addition, the City subsequently sold the correctional facility and the CDCR plans to perform an additional audit as a final close out of the contract. The City has not yet obtained any findings of the final close out audit. The DOF audit report identified twelve findings, upon which the City appealed two findings – 1.) the handling of the Inmate Telephone Revenue Fund totaling $286,191, and 2.) the 1996 wrongful termination claim of a former city employee totaling $48,000. The ARC ruled in favor of the City in regards to the $286,191, but ruled that the $48,000 expenditure should not be reflected in Adelanto's CCF's Quarterly Cost Reports, but rather, should be paid by the City's funds. The City lost its appeal on the $48,000 payment for the wrongful termination lawsuit, which will have to be paid out of the City of Adelanto funds. This information was obtained from correspondence provided by the California Department of Corrections and Rehabilitation and the City of Adelanto's Attorney.

Note 11 Commitments and Contingencies (Continued)

f. Victorville Water District

The Victorville Water District has a dispute with the City and is in discussions regarding cost claims and water entitlements by the Victorville Water District.

g. Victor Valley Economic Development Authority

The City of Adelanto was initially part of the Victor Valley Economic Development Authority (VVEDA), but left the VVEDA for a period of time. Adelanto became a part of VVEDA again in 2000, and up until that point, the other members of VVEDA had been contributing to VVEDA financially to keep the agency afloat. The City now potentially owes back dues of approximately $5 million.

Note 12 Proposition 218

Proposition 218, which was approved by voters in November 1996, will regulate the City's ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in future years by voters.

Note 13 Pass-Through Agreements

In December 1981, the Redevelopment Agency entered into an agreement with the County of San Bernardino, whereby incremental property taxes relating to the County Library District and the County Flood Control District that are generated within the Adelanto Improvement Project Area would be given to those entities.

In June 1983, the Redevelopment Agency entered into an agreement with the Adelanto School District (ASD) which provided for repayment of 3.34% of all incremental property taxes generated in the amended portion of the Adelanto Improvement Project Area for the construction of school facilities beginning in fiscal year 1989-90.

In July 1983, the Redevelopment Agency entered into an agreement with the County of San Bernardino which provides for continued pass-through of the Library and Flood control increment.

During fiscal 1996, the Redevelopment Agency and San Bernardino County amended the pass-through agreement for incremental property taxes in the Project Area. Under the revised agreement, the Redevelopment Agency is required to relinquish approximately 33% of incremental property taxes to the County, of which approximately half (16.26%) would be subordinate to the Redevelopment Agency's existing long-term debt. The County will loan to the Redevelopment Agency, at the rate of 7% per annum, the amount of the deferred incremental property taxes needed to meet debt service requirements on the refunding bonds plus amounts needed, up to $100,000 annually, to administer the Redevelopment Agency's long-term debt. Any such loans are subordinate to Series A, B, and C of the Adelanto Public Financing Authority refunding bonds but senior to the Series D Bonds. As of June 30, 2011 the balance outstanding was $22,275,843.

Note 14 Defined Benefit Pension Plan

Plan Description

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

Funding Policy

Participants are required to contribute 7% of their annual covered salary. The City is required to contribute at an actuarially determined rate calculated as a percentage of covered payroll. The employer contribution rate for the fiscal year ended June 30, 2011 was 6.988%. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by the State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

The City's contributions to CalPERS for the fiscal years ending June 30, 2011, 2010, 2009 were $528,728, $408,349, and $397,499, respectively, and equal 100% of the required contributions for each fiscal year.

Note 15 Subsequent Events

In preparing the accompanying financial statements, the City management has reviewed all known events that have occurred after June 30, 2011, and through January 24, 2014, the date when this financial statement was available to be issued, for inclusion in the financial statement and footnotes.

RDA Dissolution

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Adelanto (City) that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or other unit of local government will agree to serve as the "successor agency" to hold the assets units they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of the City resolution number 12-001.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence as the date of the dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Note 15 Subsequent Events (Continued)

RDA Dissolution (Continued)

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

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

Ambac Settlement

On June 1, 2009, Ambac Assurance Corporation filed a lawsuit against the Adelanto Public Utility Authority (Authority) in a federal district court in the Southern District of New York and is seeking $4,524,000 in damages plus interest and fees, costs and other expenses incurred by Ambac relating to or resulting from the alleged breach of the Authority of the Swap Agreement. On or about September 2005, the Authority issued $70,635,000 of variable rate refunding revenue bonds (2005 A and 2005 B-Utility System Project). In order to hedge the risk from the Bonds, the Authority also entered into an interest rate swap agreement with Piper Jaffray Financial Products Incorporated (Piper). Ambac issued a surety bond for the swap agreement. The surety bond stated that if the Authority did not make certain payments pursuant to the swap agreement, Ambac would make those payments. On November 5, 2008, Moody's Investors Service downgraded Ambac's credit rating. The swap agreement provided that it could be terminated early upon the occurrence of certain events and when such early termination occurs, Piper shall be paid a "termination payment" to compensate it for the termination. The downgrade of Ambac's credit rating eventually led Piper on June 1, 2009, to terminate the swap agreement and demanded $4,524,000 from the Authority as a termination payment. Ambac, as surety per the surety bond, paid Piper the $4,524,000 on June 3, 2009. Ambac in its lawsuit now seeks repayment of this amount from the Authority. The United States District Court, Southern District of New York has ruled against the Authority, awarding Ambac Assurance Corporation the $4,524,000 termination payment plus interest and fees. As of January 27, 2014, no payment schedule has been determined. An amount of $4,524,000 has been accrued as a settlement payable due to the undeterminable amount of the interest and fees that will be due.

Note 16 Prior Period Adjustment

Prior period adjustment of ($176,111) was made to governmental activities on the governmental-wide statements due to the City not recording the PERS side fund liability in prior fiscal years.

CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes and assessments	$ 2,270,000	$ 3,270,000	$ 4,647,082	$ 1,377,082
Licenses and permits	389,000	489,000	529,821	40,821
Fines, forfeitures, and penalties	215,500	215,500	93,001	(122,499)
Investment earnings	1,026,025	1,026,025	1,053,314	27,289
Intergovernmental revenue	2,486,000	86,000	59,438	(26,562)
Charges for current services	250,500	250,500	384,312	133,812
Other revenues			140,983	140,983
Total revenues	6,637,025	5,337,025	6,907,951	1,570,926
EXPENDITURES				
Current:				
General government:				
City council	94,334	94,334	97,971	(3,637)
City manager	354,147	354,147	435,198	(81,051)
City clerk	203,678	203,678	218,997	(15,319)
Finance	508,388	508,388	531,477	(23,089)
City attorney	325,000	325,000	355,530	(30,530)
Human resource/IT	578,270	578,270	515,753	62,517
Non-departmental	1,056,642	1,056,642	1,136,113	(79,471)
Total general government	3,120,459	3,120,459	3,291,039	(170,580)
Public safety:				
Police	4,404,625	4,429,625	4,377,768	51,857
Fire	3,225,486	3,319,486	3,254,843	64,643
Code enforcement	435,130	447,130	471,187	(24,057)
Animal control	220,889	220,889	218,073	2,816
Total public safety	8,286,130	8,417,130	8,321,871	95,259
Public works:				
Street maintenance	936,052	936,052	950,696	(14,644)
Facilities	221,082	221,082	233,274	(12,192)
Engineering and other	260,305	260,305	268,770	(8,465)
Building and safety	194,568	194,568	246,800	(52,232)
Vehicle maintenance	161,668	161,668	198,926	(37,258)
Total public works	1,773,675	1,773,675	1,898,466	(124,791)
Community development	504,965	527,965	553,918	(25,953)
Total community development	504,965	527,965	553,918	(25,953)

(Continued)

CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2011
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Parks and recreation:				
Senior Center	$ 20,500	$ 20,500	$ 17,517	$ 2,983
Community Center	25,000	25,000	22,169	2,831
Parks and grounds	216,885	216,885	219,711	(2,826)
Total parks and recreation	262,385	262,385	259,397	2,988
Debt service:				
Interest and other charges			6,992	(6,992)
Total debt service			6,992	(6,992)
Total expenditures	13,947,614	14,101,614	14,331,683	(230,069)
Excess of revenues over (under) expenditures	(7,310,589)	(8,764,589)	(7,423,732)	1,340,857
OTHER FINANCING SOURCES (USES)				
Transfers in	2,416,755	2,416,755	2,308,975	(107,780)
Transfers out	(125,290)	(125,290)	(190,026)	(64,736)
Total other financing sources (uses)	2,291,465	2,291,465	2,118,949	(172,516)
Net Change in Fund Balance	(5,019,124)	(6,473,124)	(5,304,783)	1,168,341
Fund balance - July 1, 2010	29,668,644	29,668,644	29,668,644	
Fund balance - June 30, 2011	$ 24,649,520	$ 23,195,520	$ 24,363,861	$ 1,168,341

CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SANITATION SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Investment earnings	$ 400	$ 400	$ 29	$ (371)
Other revenues	50,000	50,000	58,974	8,974
Charges for current services	175,000	175,000	179,462	4,462
Total revenues	225,400	225,400	238,465	13,065
EXPENDITURES				
Current:				
Public works	150,000	150,000	129,241	20,759
Total expenditures	150,000	150,000	129,241	20,759
Net Change in Fund Balance	75,400	75,400	109,224	33,824
Fund balance (deficit) - July 1, 2010	(324,834)	(324,834)	(324,834)	
Fund balance (deficit) - June 30, 2011	$ (249,434)	$ (249,434)	$ (215,610)	$ 33,824

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CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
REDEVELOPMENT AGENCY DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes	$ 6,700,000	$ 6,700,000	$ 7,010,051	$ 310,051
Investment earnings	100,000	100,000	90,454	(9,546)
Total revenues	6,800,000	6,800,000	7,100,505	300,505
EXPENDITURES				
Pass-through payments	1,634,000	2,000,000	1,619,224	380,776
Debt service:				
Principal retirement	3,600,000	3,627,786	1,892,331	1,735,455
Interest and other charges			5,456,927	(5,456,927)
Total expenditures	5,234,000	5,627,786	8,968,482	(3,340,696)
Excess of revenues over (under) expenditures	1,566,000	1,172,214	(1,867,977)	(3,040,191)
OTHER FINANCING SOURCES (USES)				
Proceeds from loans and capital accretions			3,731,472	3,731,472
Transfer out	(100,000)	(100,000)	(100,000)	
Total other financing sources (uses)	(100,000)	(100,000)	3,631,472	3,731,472
Net Change in Fund Balance	1,466,000	1,072,214	1,763,495	691,281
Fund balance - July 1, 2010	8,240,745	8,240,745	8,240,745	
Fund balance - June 30, 2011	$ 9,706,745	$ 9,312,959	$ 10,004,240	$ 691,281

CITY OF ADELANTO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue Funds					
	Gas Tax Street	Measure "I"	Community Development Block Grant	Special Park	Community Facilities District	Adelanto Portion of VVEDA Low/Moderate Income Housing Special Revenue Fund
ASSETS						
Cash and investments	$ 1,305,658	$ 4,132,327	$ -	$ 1,376,048	$ 197,007	$ 846,937
Cash and investments with fiscal agents						
Accounts receivable - net	96,757				512	42,093
Interest receivable		182				
Due from other funds		192,055				99,018
Notes receivable						
Total assets	$ 1,402,415	$ 4,324,564	$ -	$ 1,376,048	$ 197,519	$ 988,048
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ -	$ -	$ 8,317	$ -	$ -	$ -
Accrued expenditures						
Deposits payable					64,332	
Due to other funds		243,767	44,923			90,639
Deferred revenue	115,054	250,000				
Advances payable						
Total Liabilities	115,054	493,767	53,240		64,332	90,639
Fund Balances:						
Restricted for:						
Debt service						
Streets and roads	1,287,361	3,830,797				
Public safety						
Community development					133,187	897,409
Public transit						
Parks and recreation				1,376,048		
Public works						
Unassigned			(53,240)			
Total fund balances	1,287,361	3,830,797	(53,240)	1,376,048	133,187	897,409
Total liabilities and fund balances	$ 1,402,415	$ 4,324,564	$ -	$ 1,376,048	$ 197,519	$ 988,048

Special Revenue Funds

Traffic Impact Fees	Fire Mitigation Fees	Maverick Stadium	Traffic Offender	TDA Article 8	Adelanto Community Benefit Corporation	Redevelopment Agency Project Area 3 Housing Set-Aside	Drainage Impact
$ 1,133,696	$ 66,217	$ -	$ 58,719	$ 225,378	$ 23,890	$ 488,435	$ 2,558,497
		1,000		65,978		6,597	221
		46,790					
$ 1,133,696	$ 66,217	$ 47,790	$ 58,719	$ 291,356	$ 23,890	$ 495,032	$ 2,558,718
$ 69,214	$ -	$ 11,584	$ -	$ -	$ 493	$ -	$ -
		6,381					
		1,635					
		2,621,381					
69,214		2,640,981			493		
1,064,482				291,356			
	66,217		58,719				
					23,397	495,032	
							2,558,718
		(2,593,191)					
1,064,482	66,217	(2,593,191)	58,719	291,356	23,397	495,032	2,558,718
$ 1,133,696	$ 66,217	$ 47,790	$ 58,719	$ 291,356	$ 23,890	$ 495,032	$ 2,558,718

(Continued)

CITY OF ADELANTO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011
(Continued)

	Special Revenue Funds					
	Asset Forfeiture Education	Public Safety	FEMA/ OES	California AB Distributions	LLMD Annexation	Adelanto Portion of VVEDA Redevelopment Agency Special Revenue Fund
ASSETS						
Cash and investments	$ 32,637	$ -	$ -	$ 119,642	$ 77,311	$ 407,967
Cash and investments with fiscal agents						
Accounts receivable - net		8,101	219,716	9,187	2,010	98,365
Interest receivable						
Due from other funds						406
Notes receivable						
Total assets	$ 32,637	$ 8,101	$ 219,716	$ 128,829	$ 79,321	$ 506,738
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ -	$ -	$ 9,825	$ -	$ 2,110	$ 35,429
Accrued expenditures						
Deposits payable						
Due to other funds		14,667	92,286			21,088
Deferred revenue						
Advances payable						
Total Liabilities		14,667	102,111		2,110	56,517
Fund Balances:						
Restricted for:						
Streets and roads						
Public safety	32,637		117,605			
Community development					77,211	450,221
Public transit						
Parks and recreation						
Public works				128,829		
Unassigned		(6,566)				
Total fund balances	32,637	(6,566)	117,605	128,829	77,211	450,221
Total liabilities and fund balances	$ 32,637	$ 8,101	$ 219,716	$ 128,829	$ 79,321	$ 506,738

Special Revenue Funds				Capital Projects Funds		Debt Service Fund	
Proposition 1B	Transit	COPS Grant	CLEEP	Redevelopment Agency	Redevelopment Agency Project Area 3	Redevelopment Agency Project Area 3 Debt Service	Totals
$ 83,951	$ -	$ 101,513	$ 2,126	$ 1,160,201	$ 1,544,796	$ -	$ 15,942,953
						251,903	251,903
		11,324			26,389		588,250
							182
	6,995			239,963	2,826,725		3,411,952
				1,439,170			1,439,170
$ 83,951	$ 6,995	$ 112,837	$ 2,126	$ 2,839,334	$ 4,397,910	$ 251,903	$ 21,634,410
$ -	$ -	$ -	$ 75	$ 4,217	$ -	$ 36,256	$ 177,520
							6,381
							65,967
	6,452			237,203		323,438	3,695,844
				1,439,170			1,804,224
				1,924,243	600,000		2,524,243
	6,452		75	3,604,833	600,000	359,694	8,274,179
83,951			2,051				6,559,998
							275,178
					3,797,910		5,874,367
	543						543
							1,376,048
		112,837					2,800,384
				(765,499)		(107,791)	(3,526,287)
83,951	543	112,837	2,051	(765,499)	3,797,910	(107,791)	13,360,231
$ 83,951	$ 6,995	$ 112,837	$ 2,126	$ 2,839,334	$ 4,397,910	$ 251,903	$ 21,634,410

CITY OF ADELANTO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2011

	Special Revenue Funds					
	Gas Tax Street	Measure "I"	Community Development Block Grant	Special Park	Community Facilities District	Adelanto Portion of VVEDA Low/Moderate Income Housing Special Revenue Fund
REVENUES						
Taxes	$ -	$ -	$ -	$ -	$ 41,434	$ 105,469
Licenses and permits				89,650		
Fines, forfeitures, and penalties						
Investment earnings		7,368				2,028
Charges for current services						
Intergovernmental revenue	570,124		185,285	270,502		
Other revenues						
Total revenues	570,124	7,368	185,285	360,152	41,434	107,497
EXPENDITURES						
Current:						
Public safety						
Public works		37,793				
Community development			13,316		3,633	
Parks and grounds				50,389		
Capital outlay				746,238		
Debt service:						
Principal retirement						
Interest and other charges						
Total expenditures		37,793	13,316	796,627	3,633	
Excess of revenues over (under) expenditures	570,124	(30,425)	171,969	(436,475)	37,801	107,497
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(460,000)		(120,000)			
Total other financing sources (uses)	(460,000)		(120,000)			
Net Change in Fund Balances	110,124	(30,425)	51,969	(436,475)	37,801	107,497
Fund balances (deficits) - July 1, 2010	1,177,237	3,861,222	(105,209)	1,812,523	95,386	789,912
Fund balances (deficits) - June 30, 2011	$ 1,287,361	$ 3,830,797	$ (53,240)	$ 1,376,048	$ 133,187	$ 897,409

Special Revenue Funds

Traffic Impact Fees	Fire Mitigation Fees	Maverick Stadium	Traffic Offender	TDA Article 8	Adelanto Community Benefit Corporation	Redevelopment Agency Project Area 3 Housing Set-Aside	Drainage Impact
$ -	$ -	$ -	$ -	$ -	$ -	$ 88,800	$ -
							71,156
170,208			27,328				
			658		42	830	232
	8,949	52,301			17,751		
				65,979			
					19,085		
170,208	8,949	52,301	27,986	65,979	36,878	89,630	71,388
			15				
69,214							13,444
					39,520		
		238,719					
		18,339					1,042,844
69,214		257,058	15		39,520		1,056,288
100,994	8,949	(204,757)	27,971	65,979	(2,642)	89,630	(984,900)
			(30,000)	(70,000)			
			(30,000)	(70,000)			
100,994	8,949	(204,757)	(2,029)	(4,021)	(2,642)	89,630	(984,900)
963,488	57,268	(2,388,434)	60,748	295,377	26,039	405,402	3,543,618
$ 1,064,482	$ 66,217	$ (2,593,191)	$ 58,719	$ 291,356	$ 23,397	$ 495,032	$ 2,558,718

(Continued)

CITY OF ADELANTO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2011
(Continued)

	Special Revenue Funds					
	Asset Forfeiture Education	Public Safety	FEMA/ OES	California AB Distributions	LLMD Annexation	Adelanto Portion of VVEDA Redevelopment Agency Special Revenue Fund
REVENUES						
Taxes	$ -	$ 99,285	$ -	$ -	$ 164,808	$ 157,702
Licenses and permits						
Fines, forfeitures, and penalties						
Investment earnings						1,305
Charges for current services						
Intergovernmental revenue			264,288	18,247		
Other revenues						32,362
Total revenues		99,285	264,288	18,247	164,808	191,369
EXPENDITURES						
Current:						
Public safety	125		127,066			
Public works				4,800		
Community development					36,065	98,027
Parks and grounds						
Capital outlay			226,929			
Debt service:						
Principal retirement						
Interest and other charges						
Total expenditures	125		353,995	4,800	36,065	98,027
Excess of revenues over (under) expenditures	(125)	99,285	(89,707)	13,447	128,743	93,342
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out		(120,000)			(80,000)	
Total other financing sources (uses)		(120,000)			(80,000)	
Net Change in Fund Balances	(125)	(20,715)	(89,707)	13,447	48,743	93,342
Fund balances (deficits) - July 1, 2010	32,762	14,149	207,312	115,382	28,468	356,879
Fund balances (deficits) - June 30, 2011	$ 32,637	$ (6,566)	$ 117,605	$ 128,829	$ 77,211	$ 450,221

Special Revenue Funds				Capital Projects Funds		Debt Service Fund	
Proposition 1B	Transit	COPS Grant	CLEEP	Redevelopment Agency	Redevelopment Agency Project Area 3	Redevelopment Agency Project Area 3 Debt Service	Totals
$ -	$ -	$ -	$ -	$ -	$ 355,200	$ -	$ 1,012,698
							160,806
							197,536
	120			3,605	7,751	3	23,942
							79,001
		100,094					1,474,519
	1,065			105,448	7,750		165,710
	1,185	100,094		109,053	370,701	3	3,114,212
			900				128,106
							125,251
				2,133,925	54,397		2,378,883
							289,108
							2,034,350
						55,000	55,000
						191,858	191,858
			900	2,133,925	54,397	246,858	5,202,556
	1,185	100,094	(900)	(2,024,872)	316,304	(246,855)	(2,088,344)
				100,000			100,000
		(100,000)					(980,000)
		(100,000)		100,000			(880,000)
	1,185	94	(900)	(1,924,872)	316,304	(246,855)	(2,968,344)
83,951	(642)	112,743	2,951	1,159,373	3,481,606	139,064	16,328,575
$ 83,951	$ 543	$ 112,837	$ 2,051	$ (765,499)	$ 3,797,910	$ (107,791)	$ 13,360,231

CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GAS TAX STREET SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 7,000	$ -	$ (7,000)
Intergovernmental revenue	467,000	570,124	103,124
Total revenues	474,000	570,124	96,124
EXPENDITURES			
Public works	280,000		280,000
Total expenditures	280,000		280,000
Excess of revenues over (under) expenditures	194,000	570,124	376,124
OTHER FINANCING SOURCES (USES)			
Transfers out	(460,000)	(460,000)	
Total other financing sources (uses)	(460,000)	(460,000)	
Net Change in Fund Balance	(266,000)	110,124	376,124
Fund balance - July 1, 2010	1,177,237	1,177,237	
Fund balance - June 30, 2011	$ 911,237	$ 1,287,361	$ 376,124

CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MEASURE "I" SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 24,000	$ 7,368	$ (16,632)
Intergovernmental revenue	735,000		(735,000)
Total revenues	759,000	7,368	(751,632)
EXPENDITURES			
Current:			
Public works	235,000	37,793	197,207
Capital outlay	3,900,000		3,900,000
Total expenditures	4,135,000	37,793	4,097,207
Excess of revenues over (under) expenditures	(3,376,000)	(30,425)	3,345,575
OTHER FINANCING SOURCES (USES)			
Transfers out	(40,000)		40,000
Total other financing sources (uses)	(40,000)		40,000
Net Change in Fund Balance	(3,416,000)	(30,425)	3,385,575
Fund balance - July 1, 2010	3,861,222	3,861,222	
Fund balance - June 30, 2011	$ 445,222	$ 3,830,797	$ 3,385,575

CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	$ 267,679	$ 185,285	$ (82,394)
Total revenues	267,679	185,285	(82,394)
EXPENDITURES			
Current:			
Community development	40,000	13,316	26,684
Capital outlay	107,679		107,679
Total expenditures	147,679	13,316	134,363
Excess of revenues over (under) expenditures	120,000	171,969	51,969
OTHER FINANCING SOURCES (USES)			
Transfers out	(120,000)	(120,000)	
Total other financing sources (uses)	(120,000)	(120,000)	
Net Change in Fund Balance		51,969	51,969
Fund balance (deficit) - July 1, 2010	(105,209)	(105,209)	
Fund balance (deficit) - June 30, 2011	$ (105,209)	$ (53,240)	$ 51,969

CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL PARK SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Licenses and permits	$ 52,020	$ 89,650	$ 37,630
Intergovernmental revenue		270,502	270,502
Investment earnings	10,000		(10,000)
Total revenues	62,020	360,152	298,132
EXPENDITURES			
Current:			
Parks and grounds	60,000	50,389	9,611
Capital outlay	1,000,000	746,238	253,762
Total expenditures	1,060,000	796,627	263,373
Excess of revenues over (under) expenditures	(997,980)	(436,475)	561,505
Net Change in Fund Balance	(997,980)	(436,475)	561,505
Fund balance - July 1, 2010	1,812,523	1,812,523	
Fund balance - June 30, 2011	$ 814,543	$ 1,376,048	$ 561,505

CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MAVERICK STADIUM SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Charges for current services	$ 92,800	$ 52,301	$ (40,499)
Total revenues	92,800	52,301	(40,499)
EXPENDITURES			
Current:			
Parks and grounds	218,090	238,719	(20,629)
Capital outlay		18,339	(18,339)
Total expenditures	218,090	257,058	(38,968)
Net Change in Fund Balance	(125,290)	(204,757)	(79,467)
Fund balance (deficit) - July 1, 2010	(2,388,434)	(2,388,434)	
Fund balance (deficit) - June 30, 2011	$ (2,513,724)	$ (2,593,191)	$ (79,467)

CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TRAFFIC OFFENDER SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Fines, forfeitures, and penalties	$ 30,000	$ 27,328	$ (2,672)
Investment earnings	1,000	658	(342)
Total revenues	31,000	27,986	(3,014)
EXPENDITURES			
Current:			
Public safety		15	(15)
Total expenditures		15	(15)
Excess of revenues over (under) expenditures	31,000	27,971	(3,029)
OTHER FINANCING SOURCES (USES)			
Transfers out	(30,000)	(30,000)	
Total other financing sources (uses)	(30,000)	(30,000)	
Net Change in Fund Balance	1,000	(2,029)	(3,029)
Fund balance - July 1, 2010	60,748	60,748	
Fund balance - June 30, 2011	$ 61,748	$ 58,719	$ (3,029)

CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TDA ARTICLE 8 SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	$ 70,000	$ 65,979	$ (4,021)
Total revenues	70,000	65,979	(4,021)
OTHER FINANCING SOURCES (USES)			
Transfers out	(70,000)	(70,000)	
Total other financing sources (uses)	(70,000)	(70,000)	
Net Change in Fund Balance		(4,021)	(4,021)
Fund balance - July 1, 2010	295,377	295,377	
Fund balance - June 30, 2011	$ 295,377	$ 291,356	$ (4,021)

CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
REDEVELOPMENT AGENCY PROJECT AREA 3 HOUSING SET A-SIDE SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	$ 100,000	$ 88,800	$ (11,200)
Investment earnings		830	830
Total revenues	100,000	89,630	(10,370)
EXPENDITURES			
Current:			
Community development	500		500
Total expenditures	500		500
Net Change in Fund Balance	99,500	89,630	(9,870)
Fund balance - July 1, 2010	405,402	405,402	
Fund balance - June 30, 2011	$ 504,902	$ 495,032	$ (9,870)

CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DRAINAGE IMPACT SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Licenses and permits	$ 56,376	$ 71,156	$ 14,780
Investment earnings	10,000	232	(9,768)
Total revenues	66,376	71,388	5,012
EXPENDITURES			
Current:			
Public works		13,444	(13,444)
Capital outlay	1,200,000	1,042,844	157,156
Total expenditures	1,200,000	1,056,288	143,712
Net Change in Fund Balance	(1,133,624)	(984,900)	148,724
Fund balance - July 1, 2010	3,543,618	3,543,618	
Fund balance - June 30, 2011	$ 2,409,994	$ 2,558,718	$ 148,724

CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ASSET FORFEITURE EDUCATION SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
EXPENDITURES			
Current:			
Public safety	$ 10,000	$ 125	$ 9,875
Total expenditures	10,000	125	9,875
Net Change in Fund Balance	(10,000)	(125)	9,875
Fund balance - July 1, 2010	32,762	32,762	
Fund balance - June 30, 2011	$ 22,762	$ 32,637	$ 9,875

CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC SAFETY SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	$ 100,000	$ 99,285	$ (715)
Total revenues	100,000	99,285	(715)
OTHER FINANCING SOURCES (USES)			
Transfers out	(120,000)	(120,000)	
Total other financing sources (uses)	(120,000)	(120,000)	
Net Change in Fund Balance	(20,000)	(20,715)	(715)
Fund balance - July 1, 2010	14,149	14,149	
Fund balance (deficit) - June 30, 2011	$ (5,851)	$ (6,566)	$ (715)

CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CALIFORNIA AB DISTRIBUTIONS SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	$ 18,000	$ 18,247	$ 247
Total revenues	18,000	18,247	247
EXPENDITURES			
Current:			
Public works	6,000	4,800	1,200
Total expenditures	6,000	4,800	1,200
Net Change in Fund Balance	12,000	13,447	1,447
Fund balance - July 1, 2010	115,382	115,382	
Fund balance - June 30, 2011	$ 127,382	$ 128,829	$ 1,447

CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TRANSIT SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ -	$ 120	$ -
Other revenues		1,065	
Total revenues		1,185	
EXPENDITURES			
Current:			
Public works	40,000		40,000
Total expenditures	40,000		40,000
Excess of revenues over (under) expenditures	(40,000)	1,185	41,185
OTHER FINANCING SOURCES (USES)			
Transfers in	40,000		(40,000)
Total other financing sources (uses)	40,000		(40,000)
Net Change in Fund Balance		1,185	1,185
Fund balance (deficit) - July 1, 2010	(642)	(642)	
Fund balance (deficit) - June 30, 2011	$ (642)	$ 543	$ 1,185

CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COPS GRANT SPECIAL REVENUE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental revenue	$ 100,000	$ 100,094	$ 94
Total revenues	100,000	100,094	94
OTHER FINANCING SOURCES (USES)			
Transfers out	(100,000)	(100,000)	
Total other financing sources (uses)	(100,000)	(100,000)	
Net Change in Fund Balance		94	94
Fund balance - July 1, 2010	112,743	112,743	
Fund balance - June 30, 2011	$ 112,743	$ 112,837	$ 94

CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Investment earnings	$ 2,000	$ 3,605	$ 1,605
Other revenues	40,000	105,448	65,448
Total revenues	42,000	109,053	67,053
EXPENDITURES			
Current:			
Community development	2,142,000	2,133,925	8,075
Total expenditures	2,142,000	2,133,925	8,075
Excess of revenues over (under) expenditures	(2,100,000)	(2,024,872)	75,128
OTHER FINANCING SOURCES (USES)			
Transfers in	100,000	100,000	
Total other financing sources (uses)	100,000	100,000	
Net Change in Fund Balance	(2,000,000)	(1,924,872)	75,128
Fund balance - July 1, 2010	1,159,373	1,159,373	
Fund balance (deficit) - June 30, 2011	$ (840,627)	$ (765,499)	$ 75,128

CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
REDEVELOPMENT AGENCY PROJECT AREA 3 CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	$ -	$ 355,200	$ 355,200
Investment earnings	30,000	7,751	(22,249)
Other revenues		7,750	7,750
Total revenues	30,000	370,701	340,701
EXPENDITURES			
Current:			
Community development	150,000	54,397	95,603
Total expenditures	150,000	54,397	95,603
Net Change in Fund Balance	(120,000)	316,304	436,304
Fund balance - July 1, 2010	3,481,606	3,481,606	
Fund balance - June 30, 2011	$ 3,361,606	$ 3,797,910	$ 436,304

CITY OF ADELANTO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
REDEVELOPMENT AGENCY PROJECT AREA 3 DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	$ 500,000	$ -	$ (500,000)
Investment earnings	2,000	3	(1,997)
Total revenues	502,000	3	(501,997)
EXPENDITURES			
Debt service:			
Principal retirement		55,000	(55,000)
Interest and other charges	250,000	191,858	58,142
Pass-through payments	100,000		100,000
Total expenditures	350,000	246,858	103,142
Net Change in Fund Balance	152,000	(246,855)	(398,855)
Fund balance - July 1, 2010	139,064	139,064	
Fund balance (deficit) - June 30, 2011	$ 291,064	$ (107,791)	$ (398,855)