

**CITY OF KING CITY, CALIFORNIA**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2009**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90  
91  
92  
93  
94  
95  
96  
97  
98  
99  
100

**City of King City, California  
Financial Statements  
Year Ended June 30, 2009**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>I. INDEPENDENT AUDITORS' REPORT</b>	1 - 2
<b>II. BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Assets	3
Statement of Activities	4 - 5
Fund Financial Statements:	
Balance Sheet - Governmental Funds	6 - 7
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	8
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	9 - 10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Net Assets - Proprietary Funds	12
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	13
Statement of Cash Flows - Proprietary Funds	14 - 15
Statement of Fiduciary Assets and Liabilities - Agency Fund	16
Notes to Financial Statements	17 - 43
<b>III. REQUIRED SUPPLEMENTARY INFORMATION</b>	
Notes to Required Supplementary Information	44
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
General Fund	45
Gas Tax	46
Landfill Closure	47
CDA Special Revenue Fund	48
CDA Low/Moderate Income Housing Fund	49
<b>IV. SUPPLEMENTARY INFORMATION</b>	
Major Governmental Funds:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Community Development Agency Debt Service Fund	50
First Street Rehabilitation Fund	51
Non-Major Governmental Funds:	52
Combining Balance Sheet	53 - 55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	56 - 58
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
SLESF/COPS Grant	59
Local Transportation	60
Traffic Congestion Relief	61
Asset Seizure	62
Riverview Gardens Landscape	63
Airport Operations	64
Traffic Safety	65
CDBG Grant	66
UUT - Public Safety	67
Prop 1B	68
1996 Bond Issue Capital Project	69
1998 Bond Issue Capital Project	70
Capital Projects	71
Development Impact Fees First Street Rehabilitation	72
Statement of Changes in Fiduciary Net Assets – Agency Fund	73



## INDEPENDENT AUDITORS' REPORT

Honorable City Council of  
the City of King City

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of King City, California, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

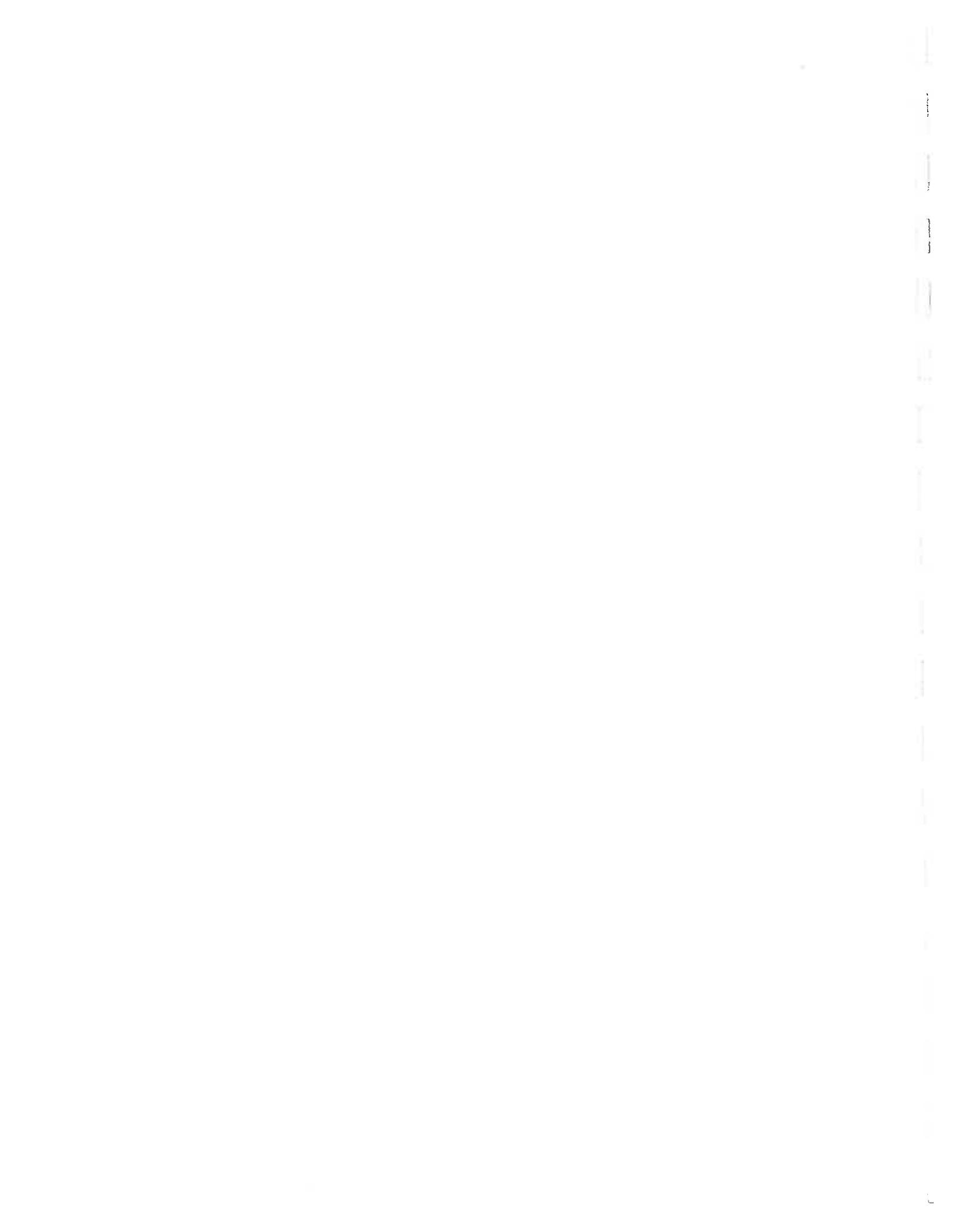
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note IV, the City has not estimated and reported a liability for landfill postclosure care costs or included the related note disclosures as required by accounting principles generally accepted in the United States of America.

In our opinion, except for the effect of the matters described in the preceding paragraph, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information of the City of King City as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the City and Community Development Agency (CDA) will continue as going concerns. As discussed in Note IV, item E, the City's General, Landfill Closure, and First Street Rehabilitation funds have negative fund balances and negative changes in fund balance. Also, the Community Development Agency's tax increment revenue is not sufficient to meet the annual debt service on the bonds and notes payable. These conditions raise substantial doubt about the City's and CDA's ability to continue as going concerns. Management's plans regarding these matters also are described at Note IV, item E. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2010 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of the internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The Budget and Actual Comparisons on pages 44 through 48 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Seaman Ramirez & Smith*

March 31, 2010

## **BASIC FINANCIAL STATEMENTS**

**City of King City**  
**Statement of Net Assets**  
**June 30, 2009**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 454,588	\$ 2,678,862	\$ 3,133,450
Accounts Receivable - Current	37,642	82,140	119,782
Due from Other Governments	1,211,132	131,649	1,342,781
Internal Balances	(1,343,394)	1,343,394	-
Notes Receivable	116,118		116,118
Restricted Assets:			
Cash and Investments		2,956,889	2,956,889
Cash with Fiscal Agent	1,301,653	701,607	2,003,260
Land Held for Resale	1,500,250		1,500,250
Deferred Charges		356,838	356,838
Capital Assets Not Being Depreciated:			
Land	213,539	764,093	977,632
Construction in Progress	5,648,273	283,722	5,931,995
Capital Assets Net of Accumulated Depreciation:			
Buildings and Improvements	4,116,301	2,471,503	6,587,804
Machinery and Equipment	816,675	167,345	984,020
Infrastructure	5,494,392		5,494,392
<b>Total Assets</b>	<b>19,567,169</b>	<b>11,938,042</b>	<b>31,505,211</b>
<b>LIABILITIES</b>			
Accounts Payable	1,325,878	43,293	1,369,171
Accrued Liabilities	97,423	6,175	103,598
Interest Payable	217,529	41,001	258,530
Deposits	25,719		25,719
Unearned Revenue	-	77,906	77,906
Noncurrent Liabilities:			
Due Within One Year	671,005		671,005
Due in More Than One Year	12,209,105	5,011,457	17,220,562
<b>Total Liabilities</b>	<b>14,546,659</b>	<b>5,179,832</b>	<b>19,726,491</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	16,289,180	3,686,663	19,975,843
Restricted for:			
Community Development	4,816,877		4,816,877
Public Safety	161,591		161,591
Public Works	1,188,034		1,188,034
Culture and Recreation	94,255		94,255
Sewer Mains Project		701,607	701,607
Debt Service	1,301,653		1,301,653
Unrestricted	(18,831,080)	2,369,940	(16,461,140)
<b>Total Net Assets</b>	<b>\$ 5,020,510</b>	<b>\$ 6,758,210</b>	<b>\$ 11,778,720</b>

The accompanying notes are an integral part of this statement.

**City of King City  
Statement of Activities  
Year Ended June 30, 2009**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General Government	\$ 743,926	\$ 16,142	\$ 177,140	\$ 2,371
Public Safety	2,595,801	244,944	139,551	-
Public Works	1,208,613	116,281	318,629	3,848,077
Culture and Recreation	337,384	79,622		2,839
Community Development	1,051,547	326,108	142,574	1,893
Interest on Long-Term Debt	739,701			
<b>Total Governmental Activities</b>	<b>6,676,972</b>	<b>783,097</b>	<b>777,894</b>	<b>3,855,180</b>
<b>Business-type Activities:</b>				
Sewer Maintenance and Operations	1,364,859	1,053,986		122,064
Transit System	100,586	8,536	87,946	
<b>Total Business-type Activities</b>	<b>1,465,445</b>	<b>1,062,522</b>	<b>87,946</b>	<b>122,064</b>
<b>Total Primary Government</b>	<b>\$ 8,142,417</b>	<b>\$ 1,845,619</b>	<b>\$ 865,840</b>	<b>\$ 3,977,244</b>

**General Revenues:**

**Taxes:**

- Property Taxes
- Tax Increment
- Franchise Taxes
- Sales Taxes
- In-lieu Sales Tax
- Transient Occupancy Taxes
- Utility Users Tax
- Property Transfer Tax
- Business Licenses
- Motor Vehicle In-Lieu
- Miscellaneous Revenues
- Investment Income
- Gain on Sale of Land

**Total General Revenues and Transfers**

**Change in Net Assets**

Net Assets - Beginning

Prior Period Adjustment

Net Assets - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (548,273)	\$	\$ (548,273)
(2,211,306)		(2,211,306)
3,074,374		3,074,374
(254,923)		(254,923)
(580,972)		(580,972)
(739,701)		(739,701)
<u>(1,260,801)</u>	<u>-</u>	<u>(1,260,801)</u>
	(188,809)	(188,809)
	(4,104)	(4,104)
<u>-</u>	<u>(192,913)</u>	<u>(192,913)</u>
<u>(1,260,801)</u>	<u>(192,913)</u>	<u>(1,453,714)</u>
873,024		873,024
1,721,636		1,721,636
330,130		330,130
826,796		826,796
297,851		297,851
323,506		323,506
220,662		220,662
23,449		23,449
65,564		65,564
912,364		912,364
95,391		95,391
25,787	173,140	198,927
<u>256,575</u>		<u>256,575</u>
<u>5,972,735</u>	<u>173,140</u>	<u>6,145,875</u>
4,711,934	(19,773)	4,692,161
(1,760,948)	8,847,507	7,086,559
<u>2,069,524</u>	<u>(2,069,524)</u>	<u>-</u>
<u>\$ 5,020,510</u>	<u>\$ 6,758,210</u>	<u>\$ 11,778,720</u>

The accompanying notes are an integral part of this statement.

**City of King City  
Balance Sheet  
Governmental Funds  
June 30, 2009**

	General	Gas Tax	Landfill Closure	CDA Special Revenue
<b>ASSETS</b>				
Cash and Investments	\$	\$ 31,632	\$	\$
Restricted Cash and Investments with Fiscal Agent				
Accounts Receivable	2,530			
Due from Other Funds				
Due from Other Governments	274,056	16,851		
Notes Receivable	116,118			
Land Held For Resale				1,500,250
Advances to Other Funds		1,140,247		
<b>Total Assets</b>	<b>\$ 392,704</b>	<b>\$ 1,188,730</b>	<b>\$ -</b>	<b>\$ 1,500,250</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 254,450	\$ 8,602	\$	\$ 2,400
Accrued Liabilities	90,453	2,380		
Deposits				20,000
Due to Other Funds	115,611		770,620	922,578
Deferred Revenue	50,000			
Advances from Other Funds	2,483,641			
<b>Total Liabilities</b>	<b>2,994,155</b>	<b>10,982</b>	<b>770,620</b>	<b>944,978</b>
<b>Fund Balances:</b>				
<b>Reserved for:</b>				
Advances to Other Funds		1,140,247		
Debt Service				
Land Held for Resale				1,500,250
<b>Unreserved, Reported In:</b>				
General Fund	(2,601,451)			
Special Revenue Funds		37,501	(770,620)	(944,978)
Capital Projects Funds				
<b>Total Fund Balances</b>	<b>(2,601,451)</b>	<b>1,177,748</b>	<b>(770,620)</b>	<b>555,272</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 392,704</b>	<b>\$ 1,188,730</b>	<b>\$ -</b>	<b>\$ 1,500,250</b>

<u>CDA Low/Mod Income Housing</u>	<u>CDA Debt Service</u>	<u>First Street Rehabilitation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 41,008	\$	\$	\$ 381,948	\$ 454,588
	1,301,653			1,301,653
3,275,619			35,112	37,642
		851,219	69,006	3,275,619
				1,211,132
				116,118
				1,500,250
				1,140,247
<u>\$ 3,316,627</u>	<u>\$ 1,301,653</u>	<u>\$ 851,219</u>	<u>\$ 486,066</u>	<u>\$ 9,037,249</u>
\$	\$	\$ 944,089	\$ 116,337	\$ 1,325,878
			4,590	97,423
			5,719	25,719
	332,433	628,448	505,929	3,275,619
		277,864		327,864
				2,483,641
	332,433	1,850,401	632,575	7,536,144
				1,140,247
	969,220			969,220
				1,500,250
				(2,601,451)
3,316,627			100,710	1,739,240
		(999,182)	(247,219)	(1,246,401)
<u>3,316,627</u>	<u>969,220</u>	<u>(999,182)</u>	<u>(146,509)</u>	<u>1,501,105</u>
<u>\$ 3,316,627</u>	<u>\$ 1,301,653</u>	<u>\$ 851,219</u>	<u>\$ 486,066</u>	<u>\$ 9,037,249</u>

**City of King City**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**Year Ended June 30, 2009**

Fund balances of governmental funds	\$ 1,501,105
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	16,289,180
Accrued interest payable on long-term debt is not recorded in the funds.	(217,529)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	327,864
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated Absences	(379,535)
Notes Payable	(788,402)
Bonds Payable	(10,370,000)
Pension Related Debt	(1,141,712)
Claims Payable	(200,461)
	(13,880,119)
Net assets of governmental activities	\$ 5,020,510

The accompanying notes are an integral part of this statement.

**This page intentionally left blank**

**City of King City**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2009**

	General	Gas Tax	Landfill Closure	CDA Special Revenue
<b>REVENUES</b>				
Taxes	\$ 2,674,756	\$	\$	\$
Licenses, Permits and Impact Fees	141,947			
Fines & Forfeitures	114,560			
Investment Income	19,008	242		
Intergovernmental	1,122,140	183,179		
Charges for Services	357,362			
Other Revenues	13,125			19,732
<b>Total Revenues</b>	<b>4,442,898</b>	<b>183,421</b>	<b>-</b>	<b>19,732</b>
<b>EXPENDITURES</b>				
Current:				
General Government	1,020,879			
Public Safety	3,122,639			
Public Works	352,746	256,712	44,365	
Culture and Recreation	173,833			
Community Development	652,994			80,494
Capital Outlay	19,703	1,308		
Debt Service:				
Principal				
Interest & Fiscal Charges				
<b>Total Expenditures</b>	<b>5,342,794</b>	<b>258,020</b>	<b>44,365</b>	<b>80,494</b>
Excess (Deficiency) of Revenues over Expenditures	(899,896)	(74,599)	(44,365)	(60,762)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	220,000			320,987
Transfers Out				
Sale of Capital Assets	256,823			
<b>Total Other Financing Sources (Uses)</b>	<b>476,823</b>	<b>-</b>	<b>-</b>	<b>320,987</b>
Net Change in Fund Balances	(423,073)	(74,599)	(44,365)	260,225
Fund Balances, Beginning	(2,178,378)	1,252,347	(726,255)	295,047
Prior Period Adjustment	-	-	-	-
<b>Fund Balances, Ending</b>	<b>\$ (2,601,451)</b>	<b>\$ 1,177,748</b>	<b>\$ (770,620)</b>	<b>\$ 555,272</b>

<u>CDA Low/Mod Income Housing</u>	<u>CDA Debt Service</u>	<u>First Street Rehabilitation</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 345,662	\$ 1,375,974	\$	\$ 225,816	\$ 4,622,208
			1,208	143,155
43,514	43,403		5,244	119,804
		3,823,847	20,918	127,085
			647,424	5,776,590
			113,281	470,643
			76,668	109,525
<u>389,176</u>	<u>1,419,377</u>	<u>3,823,847</u>	<u>1,090,559</u>	<u>11,369,010</u>
				1,020,879
			23,980	3,146,619
			573,795	1,227,618
				173,833
	417,960		203,053	1,354,501
		4,463,627	443,486	4,928,124
	573,953			573,953
	748,076			748,076
<u>-</u>	<u>1,739,989</u>	<u>4,463,627</u>	<u>1,244,314</u>	<u>13,173,603</u>
<u>389,176</u>	<u>(320,612)</u>	<u>(639,780)</u>	<u>(153,755)</u>	<u>(1,804,593)</u>
	247,520			788,507
			(788,507)	(788,507)
				256,823
	<u>247,520</u>	<u>-</u>	<u>(788,507)</u>	<u>256,823</u>
389,176	(73,092)	(639,780)	(942,262)	(1,547,770)
2,927,451	1,042,312	(359,402)	674,625	2,927,747
-	-	-	121,128	121,128
<u>\$ 3,316,627</u>	<u>\$ 969,220</u>	<u>\$ (999,182)</u>	<u>\$ (146,509)</u>	<u>\$ 1,501,105</u>

**City of King City**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**Year Ended June 30, 2009**

Net Change in Fund Balances-Total Governmental Funds \$ (1,547,770)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlay	6,512,998
Depreciation	(646,697)

The net effect of disposals of capital assets is to decrease net assets. (248)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change in deferred revenue for the current period. (236,679)

The repayment of the principal on long-term debt, as well as payments to escrow agents, consumes the current financial resources of governmental funds. However, neither of these transactions have any effect on net assets.

Principal Paid on Long-term Debt	620,881
----------------------------------	---------

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. -

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as governmental fund expenditures.

Net Change in Compensated Absences	(14,304)
Net Change in Accrued Interest Payable	8,375
Net Change in Claims Payable	15,378

Change in Net Assets of Governmental Activities	\$ 4,711,934
---	--------------

**This page intentionally left blank**

**City of King City**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2009**

	<u>Airport Operations</u>	<u>Sewer Maintenance and Operations</u>	<u>Transit System</u>	<u>Total</u>
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Investments	\$	\$ 2,678,862	\$	\$ 2,678,862
Restricted:				
Cash and Investments		2,956,889		2,956,889
Cash with Fiscal Agent		701,607		701,607
Accounts Receivable - Net		82,140		82,140
Due From Other Governments			131,649	131,649
Due From Other Funds		106,339		106,339
<b>Total Current Assets</b>	-	6,525,837	131,649	6,657,486
<b>Noncurrent Assets:</b>				
Advances to Other Funds		1,343,394		1,343,394
Deferred Charges		356,838		356,838
<b>Capital Assets:</b>				
Land		764,093		764,093
Construction in Progress		283,722		283,722
Buildings and Improvements		5,699,373		5,699,373
Machinery and Equipment		1,183,279	93,452	1,276,731
Less: Accumulated Depreciation		(4,280,638)	(56,618)	(4,337,256)
<b>Total Noncurrent Assets</b>	-	5,350,061	36,834	5,386,895
<b>Total Assets</b>	-	11,875,898	168,483	12,044,381
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable		43,035	258	43,293
Accrued Liabilities		4,466	1,709	6,175
Interest Payable		41,001		41,001
Due to Other Funds			106,339	106,339
Unearned Revenue		77,906		77,906
<b>Total Current Liabilities</b>	-	166,408	108,306	274,714
<b>Noncurrent Liabilities:</b>				
Bonds Payable		4,990,000		4,990,000
Compensated Absences Payable		19,430	2,027	21,457
<b>Total Noncurrent Liabilities</b>	-	5,009,430	2,027	5,011,457
<b>Total Liabilities</b>	-	5,175,838	110,333	5,286,171
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	-	3,649,829	36,834	3,686,663
Restricted for Sewer Mains Project		701,607		701,607
Unrestricted	-	2,348,624	21,316	2,369,940
<b>Total Net Assets</b>	\$ -	\$ 6,700,060	\$ 58,150	\$ 6,758,210

The accompanying notes are an integral part of this statement.

**City of King City**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Funds**  
**Year Ended June 30, 2009**

	Airport Operations	Sewer Maintenance and Operations	Transit System	Total
<b>OPERATING REVENUES</b>				
Charges for Services:				
Rents and Concessions	\$	\$ 52,550	\$	\$ 52,550
Sewer Fees		1,001,436		1,001,436
Transit Fares			8,536	8,536
<b>Total Operating Revenues</b>	-	1,053,986	8,536	1,062,522
<b>OPERATING EXPENSES</b>				
Administration		300,000		300,000
Salaries and Benefits		186,010	73,409	259,419
Supplies and Services		318,984	15,509	334,493
Depreciation		181,171	10,524	191,695
<b>Total Operating Expenses</b>	-	986,165	99,442	1,085,607
<b>Operating Income (Loss)</b>	-	67,821	(90,906)	(23,085)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental Revenue			87,946	87,946
Investment Income		173,140		173,140
Interest Expense		(264,021)	(1,144)	(265,165)
Amortization of Bond Issuance Costs		(114,673)		(114,673)
<b>Total Nonoperating Revenues     (Expenses)</b>	-	(205,554)	86,802	(118,752)
Income Before Contributions and Transfers	-	(137,733)	(4,104)	(141,837)
Capital Contributions		122,064		122,064
<b>Change in Net Assets</b>	-	(15,669)	(4,104)	(19,773)
Total Net Assets, Beginning	2,069,524	6,715,729	62,254	8,847,507
Prior Period Adjustment	(2,069,524)			(2,069,524)
Total Net Assets, Ending	\$ -	\$ 6,700,060	\$ 58,150	\$ 6,758,210

The accompanying notes are an integral part of this statement.

**City of King City  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2009**

	<u>Airport Operations</u>	<u>Sewer Maintenance and Operations</u>
<b>Cash Flows from Operating Activities</b>		
Cash Received from Customers	\$	\$ 1,039,878
Cash Paid to Suppliers		(593,615)
Cash Paid to Employees for Services		(182,838)
		<u>263,425</u>
Net Cash Provided (Used) by Operating Activities	-	263,425
<b>Cash Flows from Noncapital Financing Activities</b>		
Cash Received from Other Governments		
Cash Received From (Paid to) Other Funds		4,282
		<u>4,282</u>
Net Cash Provided (Used) by Noncapital Financing Activities	-	4,282
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital Asset Purchases		(140,395)
Proceeds from Debt Issuance		4,883,051
Defeasance of Debt		(4,000,000)
Costs of Debt Issuance		(251,882)
Interest Paid		(280,759)
		<u>210,015</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	-	210,015
<b>Cash Flows from Investing Activities</b>		
Interest Received on Investments		173,140
		<u>173,140</u>
Net Cash Provided (Used) by Investing Activities	-	173,140
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	-	650,862
Cash and Cash Equivalents, Beginning of Fiscal Year	-	5,686,496
<b>Cash and Cash Equivalents, End of Fiscal Year</b>	<u>\$ -</u>	<u>\$ 6,337,358</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
<b>Cash Flows from Operating Activities</b>		
Operating income (loss)	\$	\$ 67,821
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation		181,171
(Increase) Decrease in Accounts Receivable		(14,108)
Increase (Decrease) in Accounts Payable		25,369
Increase (Decrease) in Accrued Liabilities		672
Increase (Decrease) in Compensated Absences Payable		2,500
		<u>263,425</u>
<b>Net Cash Provided By Operating Activities</b>	<u>\$ -</u>	<u>\$ 263,425</u>
<b>Noncash Investing, Capital, and Financing Activities</b>		
Capital Contributions		\$ 122,064
Amortization of Bond Issue Costs		114,673

The accompanying notes are an integral part of this statement.

Transit System	Total
\$ 8,574	\$ 1,048,452
(16,713)	(610,328)
<u>(77,250)</u>	<u>(260,088)</u>
(85,389)	178,036
90,815	90,815
<u>(4,282)</u>	<u>-</u>
86,533	90,815
	(140,395)
	4,883,051
	(4,000,000)
	(251,882)
<u>(1,144)</u>	<u>(281,903)</u>
(1,144)	208,871
	173,140
<u>-</u>	<u>173,140</u>
-	650,862
<u>-</u>	<u>5,686,496</u>
<u>\$ -</u>	<u>\$ 6,337,358</u>

\$ (90,906)      \$ (23,085)

10,524	191,695
38	(14,070)
(1,204)	24,165
35	707
<u>(3,876)</u>	<u>(1,376)</u>
<u>\$ (85,389)</u>	<u>\$ 178,036</u>

The accompanying notes are an integral part of this statement.

**City of King City**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Fund**  
**June 30, 2009**

**ASSETS**

Cash and Investments	\$ 72,452
Accounts Receivable	<u>1,943</u>
Total Assets	<u><u>\$ 74,395</u></u>

**LIABILITIES**

Accounts Payable	\$ 6,263
Deposits	<u>68,132</u>
Total Liabilities	<u><u>\$ 74,395</u></u>

The accompanying notes are an integral part of this statement.

**City of King City**  
**Notes to Financial Statements**  
**Year Ended June 30, 2009**

<b>NOTE</b>	<b>DESCRIPTION</b>	<b>PAGE</b>
I	Summary of Significant Accounting Policies	18 - 24
II	Stewardship, Compliance and Accountability	24
III	Detailed Notes on All Funds	24 - 39
IV	Other Information	39 - 43

**City of King City**  
**Notes to Financial Statements**  
**Year Ended June 30, 2009**

**D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Description of Reporting Entity**

The City of King City (the "City") was incorporated in 1911, and is a general law city, governed by a City Council of five members. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of King City (the primary government) and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the City. Currently, there are no discretely presented component units presented in these financial statements.

**Blended Component Unit**

The Community Development Agency of the City of King City (the "Agency") is governed by the City Council of the City of King City. Although it is legally separate from the City, the Agency is reported as if it were part of the primary government because the City Council is the governing board of the Agency. The Agency's activities are reported in governmental funds. Separate financial statements are available at the City of King City.

**B) Accounting Policies**

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

**C) 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. *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.

**City of King City**  
**Notes to Financial Statements**  
**Year Ended June 30, 2009**

**D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City 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 a 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, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and therefore have been recognized as revenues within the current fiscal period. Only that portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue within the current period. All other revenue items are considered to be measurable and available only when cash is received.

The government 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 another fund.

*State Gasoline Tax Fund* accounts for the revenues received from State apportionments of the gasoline tax and for the expenditure of those funds. Revenues are received under four different sections: 2105, 2106, 2107 and 2107.5; each of which has its own requirements.

The *Landfill Closure Fund* is used to account for post-closure costs for the City's landfill.

The *CDA Special Revenue Fund* was established to account for the funding source used for the planning, administration, and operations of the Agency.

The *CDA Low/Moderate Income Housing Fund* accounts for that portion of the Agency's property tax allocations (20%) required to be set aside for the purpose of increasing or improving the community's supply of low or moderate income housing, pursuant to Health and Safety Code Section 33334.2.

The *CDA Debt Service Fund* accounts for the accumulation of resources for the payment of long-term debt principal, interest and related costs.

*First Street Rehabilitation Fund* accounts for expenditures and revenues related to First Street Rehabilitation.

**City of King City**  
**Notes to Financial Statements**  
**Year Ended June 30, 2009**

**D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D) Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued**

The government reports the following major proprietary funds:

The *Sewer Maintenance and Operations Fund* accounts for the maintenance, operation and capital improvements of the municipal sewage system. Financing is provided by user fees from residences, businesses and industries.

The *Transit System Fund* accounts for the maintenance and operation of the City's demand-response transit system. Financing is provided in part by bus fares, but mostly subsidized by funds received from the Transportation Development Act which is administered by the Monterey County Transportation Commission.

The *Agency Fund* is used to account for assets held by the City as an agent for individuals, private organizations, and/or other governments.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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 principle ongoing operations. The principle operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**City of King City**  
**Notes to Financial Statements**  
**Year Ended June 30, 2009**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E) Assets, Liabilities, and Net Assets or Equity**

**1) Cash and Investments**

For purposes of presentation in the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of change in value because of changes in interest rates. Investments purchased within three months of original maturity are considered to be cash equivalents.

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

The City pools cash and investments of all funds, except for 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.

**2) Receivables and Payables**

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

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

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	March 1	
Levy Year	July 1 to June 30	
Due Dates	November 1	1 <sup>st</sup> Installment
	February 1	2 <sup>nd</sup> Installment
Delinquent Dates	December 10	1 <sup>st</sup> Installment
	April 10	2 <sup>nd</sup> Installment

Under California law, property taxes are assessed and collected by counties up to 1% of assessed value, plus other increases approved by voters. Property tax revenues are pooled and then allocated to cities based on complex formulas prescribed by state statutes.

**City of King City**  
**Notes to Financial Statements**  
**Year Ended June 30, 2009**

**D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E) Assets, Liabilities, and Net Assets or Equity - Continued**

**3) Restricted Assets**

Certain proceeds of the Agency's Tax Allocation Bonds and the Authority's Certificates of Participation, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Assets because they are maintained in separate bank accounts and their use is limited by debt covenants. Additional cash is reported as restricted on the Statement of Net Assets for various grant funds.

**4) Capital Assets**

Capital assets, which include land, structures, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Assets purchased in excess of \$5,000 are capitalized, if they have an expected useful life of two years or more. The cost of normal maintenance and repairs that do not add to the value of the asset's lives are not capitalized.

Major capital outlay for capital assets and improvements are capitalized as projects are constructed. For debt-financed capital assets, interest incurred during the construction phase is reflected in the capitalization value of the asset constructed, net of interest earned on the invested proceeds over the same period. Capital assets acquired through lease obligations are valued at the present value of future lease payments at the date acquired. Donated capital assets are valued at their estimated fair market value at the date of donation.

The City has elected not to report infrastructure assets acquired prior to the implementation of GASB Statement No. 34, as allowed by the Statement.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in both the government-wide financial statements and in the fund financial statements of the proprietary funds. Depreciation is charged as an expense against operations; accumulated depreciation is reported on the respective balance sheet. The range of lives used for depreciation purposes for each capital asset class is as follows:

Infrastructure	20 to 50 Years
Structures and Improvements	10 to 50 Years
Equipment	5 to 30 Years

**5) Deferred Revenue**

Revenues received, but not yet earned, are deferred until such time as those monies meet the revenue recognition criteria. In the case of intergovernmental revenues in the fund financial statements, e.g., grants, entitlements and shared revenue, the basis of accounting for such revenue is determined according to the procedures common to each fund type in which the grant, entitlement, or shared revenue is recorded. Grants, entitlements and shared revenues received earlier than the time established by the revenue recognition criteria are reported as deferred revenues.

**City of King City**  
**Notes to Financial Statements**  
**Year Ended June 30, 2009**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E) Assets, Liabilities, and Net Assets or Equity - Continued**

**5) Deferred Revenue - Continued**

Revenues earned, but not yet received, may not be available in a timely manner to pay current expenditures or obligations. Such receivables, not meeting the availability criteria necessary for accrual under modified accrual basis accounting principles, are reclassified as deferred revenues for that period in the fund financial statements. In the government-wide financial statements, however, availability criteria are not considered. Instead, revenues become, and remain receivable from the point in time when revenue is earned through performance or similar recognition standards, until received.

**6) Use of Estimates**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

**7) Compensated Absences**

Vacation time may be accumulated up to two years entitlement plus the current years' leave allowance. Cash compensation for accrued vacations is generally not payable until the employee terminates employment with the City. Sick leave may be accumulated to a maximum of 960 hours. Cash compensation for unused sick leave is payable to an employee only upon termination of employment with the City. At that time the employee is compensated at the rate of 50% of their daily rate.

All accumulated vacation leave and applicable sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Leave benefits are generally liquidated by the general fund.

**8) Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Debt issuance costs which include bond discounts and legal and other issuance costs are deferred and amortized on a straight-line basis over the terms of the bonds.

Unamortized refunding costs, if applicable, represent the difference between the reacquisition price of debt (outstanding principal of the debt, as well as the call premium) and its net carrying value (face value of the debt, adjusted for unamortized premiums, discounts or issuance costs). The difference is amortized over the shorter of 1) the life of the refunding debt or 2) the life of the refunded debt. The amortization is treated as an adjustment to interest expense of the current period.

**City of King City**  
**Notes to Financial Statements**  
**Year Ended June 30, 2009**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E) Assets, Liabilities, and Net Assets or Equity - Continued**

**8) Long-Term Obligations - Continued**

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

**9) Fund Equity**

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

**10) Transfers**

Transfers are reported as other financing sources and uses in the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds and in the Statement of Revenues, Expenses and Changes in Net Assets for the proprietary funds.

**II) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Deficit Fund Equity**

Deficit fund balances exists in the following individual non-major funds:

Local Transportation	\$	226,396
CDBG	\$	79,270
Prop 1B	\$	14,079
Capital Projects	\$	115,901
Development Impact Fees	\$	134,946

**III) DETAILED NOTES ON ALL FUNDS**

**A) Cash and Investments**

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

Interest income earned on pooled cash is allocated to the various funds based on average cash balances. Interest income from cash investments held with fiscal agents is credited directly to the related funds.

**City of King City  
Notes to Financial Statements  
Year Ended June 30, 2009**

**III) DETAILED NOTES ON ALL FUNDS - Continued**

**A) Cash and Investments - Continued**

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

Statement of Net Assets:	
Cash and Investments	\$ 3,133,450
Restricted:	
Cash and Investments	2,956,889
Cash with Fiscal Agent	2,003,260
Statement of Fiduciary Assets and Liabilities:	
Cash and Investments	<u>72,452</u>
 Total Cash and Investments	 <u>\$ 8,166,051</u>

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

Petty Cash	\$ 955
Deposits with Financial Institutions	57,035
Local Agency Investment Fund	3,147,912
Certificates of Deposits	1,500,000
U.S. Agency Securities	1,456,889
Held by Fiscal Agent:	
Mutual Fund	1,366,710
Government Investment Contracts	<u>636,550</u>
 Total Cash and Investments	 <u>\$ 8,166,051</u>

**Investments Authorized by the California Government Code and the City's Investment Policy**

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

**City of King City**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

**III) DETAILED NOTES ON ALL FUNDS - Continued**

**A) Cash and Investments - Continued**

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds	1 year	None	5%
U.S. Treasury Obligations	1 year	None	None
U.S. Agency Securities	1 year	None	None
Banker's Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposit	1 year	30%	None
Medium-Term Notes	1 year	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	1 year	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund	N/A	None	None

**Investments Authorized by Debt Agreements**

Investments of debt proceeds held by bond trustees are governed by provisions of the bond documents, 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 the bond trustee. 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 Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptance	1 year	None	None
Commercial Paper	None	None	None
Money Market Mutual Funds	None	None	None
Investment Contracts	None	None	None
Certificates of Deposits	1 year	None	None
Repurchase Agreements	30 days	None	None
Local Agency Investment Fund	N/A	None	None
Municipal Bonds	None	None	None

**City of King City**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

**III) DETAILED NOTES ON ALL FUNDS - Continued**

**A) Cash and Investments - Continued**

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2009 the City had the following investments.

<u>Investment Type</u>		<u>Maturity Date</u>
Local Agency Investment Fund	\$ 3,147,912	N/A
Certificates of Deposits	1,500,000	2009
U.S. Agency Securities	1,456,889	2011
Held by Bond Trustee:		
Mutual Fund	1,366,710	N/A
Government Investment Contracts	<u>636,550</u>	N/A
<b>Total</b>	<b>\$ 8,108,061</b>	

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 year end for each investment type.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>	
			<u>Aaa</u>	<u>Not Rated</u>
Local Agency Investment Fund	\$ 3,147,912	N/A	\$	\$ 3,147,912
Certificates of Deposits	1,500,000	N/A		1,500,000
U.S. Agency Securities	1,456,889	N/A	1,456,889	
Held by Bond Trustee:				
Mutual Fund	1,366,710	N/A		1,366,710
Government Investment Contracts	<u>636,550</u>	N/A		<u>636,550</u>
<b>Total</b>	<b>\$ 8,108,061</b>		<b>\$ 1,456,889</b>	<b>\$ 6,651,172</b>

**Concentration of Credit Risk**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. 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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
FHLB	U.S. Agency Securities	\$ 1,456,889

**City of King City**  
**Notes to Financial Statements**  
**Year Ended June 30, 2009**

**III) DETAILED NOTES ON ALL FUNDS - Continued**

**A) Cash and Investments - Continued**

**Concentration of Credit Risk - Continued**

Investments in any one issuer that represent 5% or more of total investments by opinion units are as follows:

\$636,550 of the restricted cash and investments reported in the Debt Service Fund are held in the form of a government investment contract held by Bond Trustee.

\$1,456,889 of the restricted cash and investments reported in the Sewer Fund and Business-Type Activities are invested in U.S. Agency Securities.

**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 risk for investments is the risk that, in the event of the failure of the counterparty 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, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: The City did not have any deposits with financial institutions in excess of federal depository insurance limits and held in uncollateralized accounts. As of June 30, 2009, City investments in the following investment types were held by the broker-dealer that was used by the City to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
U.S. Treasury Mutual Fund	\$ 1,366,710
Government Investment Contracts	636,550

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**City of King City**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

**III) DETAILED NOTES ON ALL FUNDS - Continued**

**B) Interfund Receivables, Payables and Transfers**

Interfund receivables and payables consist of short-term loans resulting from regular transactions. These loans are expected to be repaid as soon as the borrowing fund has cash, and carry an interest rate equal to the rate earned on pooled cash.

Individual fund interfund receivables and payables balances as of June 30, 2009 are as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$	\$ 115,611
CDA Special Revenue Fund		922,578
Landfill Closure		770,620
CDA Low/Moderate Income Housing Fund	3,275,619	
CDA Debt Service		332,433
First Street Rehabilitation		628,448
Sewer Maintenance and Operations Fund	106,339	
Transit System Fund		106,339
Nonmajor Governmental Funds		505,929
<b>Total</b>	<b>\$ 3,381,958</b>	<b>\$ 3,381,958</b>

**Advances From/To Other Funds**

Advances receivable and payable constitute long-term borrowing between funds. Advances typically carry a stated interest rate and have scheduled debt service payments. Interfund advances receivable and payable balances at June 30, 2009 are as follows:

	<u>Advances Receivable</u>	<u>Advances Payable</u>
General Fund	\$	\$ 2,483,641
Sewer Maintenance and Operations Fund	1,343,394	
Gas Tax Fund	1,140,247	
<b>Total</b>	<b>\$ 2,483,641</b>	<b>\$ 2,483,641</b>

The amounts payable to the sewer maintenance and operations and gas tax funds by the general fund relate to current litigation and settlements. None of these advances are expected to be collected in the subsequent year.

**Transfers**

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 220,000	\$
CDA Special Revenue	320,987	
CDA Debt Service	247,520	
Nonmajor Governmental Funds		788,507
	<b>\$ 788,507</b>	<b>\$ 788,507</b>

**City of King City**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

**III) DETAILED NOTES ON ALL FUNDS - Continued**

**B) Interfund Receivables, Payables and Transfers - Continued**

Transfers are used to move revenues from authorized funds to the CDA Debt Service Fund as debt service principal and interest payments become due and to move various revenues to finance various programs and projects that the City accounts for in other funds.

**C) Land Held for Resale**

The Agency has purchased various parcels of land within the redevelopment project area with the intent of selling them in the future in order to improve the project area. Land held for resale is valued at the lower of cost or estimated net realizable value.

At June 30, 2009 the balance of land held for resale of \$1,500,250 is reported in the CDA Special Revenue Fund.

**D) Capital Assets**

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

	Balance	Adjustments*	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated					
Land	\$ 155,834	\$ 57,953	\$	\$ 248	\$ 213,539
Construction in Progress	1,091,035		4,557,238		5,648,273
Total Capital Assets, Not Being Depreciated	1,246,869	57,953	4,557,238	248	5,861,812
Capital Assets Being Depreciated:					
Buildings and Improvements	4,451,666	4,052,038			8,503,704
Infrastructure	4,686,483		1,889,925		6,576,408
Machinery and Equipment	2,607,776	6,477	65,835		2,680,088
Total Capital Assets Being Depreciated	11,745,925	4,058,515	1,955,760	-	17,760,200
Less Accumulated Depreciation:					
Buildings and Improvements	(1,979,333)	(2,161,595)	(246,475)		(4,387,403)
Infrastructure	(875,535)		(206,481)		(1,082,016)
Machinery and Equipment	(1,663,195)	(6,477)	(193,741)		(1,863,413)
Total Accumulated Depreciation	(4,518,063)	(2,168,072)	(646,697)	-	(7,332,832)
Total Capital Assets Being Depreciated, Net	7,227,862	1,890,443	1,309,063	-	10,427,368
Governmental Activities Capital Assets, Net	\$ 8,474,731	\$ 1,948,396	\$ 5,866,301	\$ 248	\$ 16,289,180

\* See prior period adjustment Note IV G.

**City of King City**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

**III) DETAILED NOTES ON ALL FUNDS - Continued**

**D) Capital Assets - Continued**

	Balance	Adjustments*	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>					
<b>Capital Assets, Not Being Depreciated</b>					
Land	\$ 822,046	\$ (57,953)	\$	\$	\$ 764,093
Construction in Progress	183,718		100,004		283,722
Total Capital Assets, Not Being Depreciated	<u>1,005,764</u>	<u>(57,953)</u>	<u>100,004</u>	<u>-</u>	<u>1,047,815</u>
<b>Capital Assets Being Depreciated:</b>					
Buildings and Improvements	9,642,351	(4,052,038)	109,060		5,699,373
Machinery and Equipment	1,270,430	(6,477)	53,395	(40,617)	1,276,731
Total Capital Assets Being Depreciated	<u>10,912,781</u>	<u>(4,058,515)</u>	<u>162,455</u>	<u>(40,617)</u>	<u>6,976,104</u>
<b>Less Accumulated Depreciation:</b>					
Buildings and Improvements	(5,244,626)	2,161,595	(144,839)		(3,227,870)
Machinery and Equipment	(1,109,624)	6,477	(46,856)	40,617	(1,109,386)
Total Accumulated Depreciation	<u>(6,354,250)</u>	<u>2,168,072</u>	<u>(191,695)</u>	<u>40,617</u>	<u>(4,337,256)</u>
Total Capital Assets Being Depreciated, Net	<u>4,558,531</u>	<u>(1,890,443)</u>	<u>(29,240)</u>	<u>-</u>	<u>2,638,848</u>
<b>Business-type Activities</b>					
Capital Assets, Net	<u>\$ 5,564,295</u>	<u>\$ (1,948,396)</u>	<u>\$ 70,764</u>	<u>\$ -</u>	<u>\$ 3,686,663</u>

\* See prior period adjustment Note IV G.

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

<b>Governmental Activities:</b>	
General Government	\$ 20,973
Community Development	7,520
Culture and Recreation	208,561
Public Safety	146,168
Public Works	263,475
Total Depreciation Expense – Governmental Activities	<u>\$ 646,697</u>
<b>Business-type Activities:</b>	
Sewer	\$ 181,171
Transit	10,524
Total Depreciation Expense – Business-type Activities	<u>\$ 191,695</u>

**City of King City**  
**Notes to Financial Statements**  
**Year Ended June 30, 2009**

**III) DETAILED NOTES ON ALL FUNDS - Continued**

**E) Long-Term Liabilities**

**Notes Payable**

**Tavernetti - Anderson Note**

On October 12, 1998, the Agency entered into an agreement with Ramon C. and Marianne Campos to finance the purchase of land. The original amount of the note was \$132,000 with 8.00% interest to be paid monthly for 10 years.

Subsequently, in March 2000, the note was sold to Tavernetti - Anderson. The new terms call for an 8.00% interest rate to be paid monthly through November 2013.

The following is a summary of principal and interest to be paid in future years:

Fiscal Year Ending June 30,	Principal	Interest
2010	\$ 11,593	\$ 3,527
2011	12,431	2,689
2012	13,330	1,790
2013	14,294	826
2014	3,982	49
	<u>\$ 55,630</u>	<u>\$ 8,881</u>

**Anderson Note**

On October 22, 1999, the Agency entered into an agreement with Peter D. and Jacqueline J. Anderson to finance the purchase of land. The original amount of the note was \$125,900 with 10% interest to be paid monthly for 15 years.

The following is a summary of principal and interest payments to be paid in future years:

Fiscal Year Ending June 30,	Principal	Interest
2010	\$ 12,398	\$ 3,802
2011	13,295	2,905
2012	14,256	1,944
2013	15,286	914
2014	1,619	63
	<u>\$ 56,854</u>	<u>\$ 9,628</u>

**City of King City**  
**Notes to Financial Statements**  
**Year Ended June 30, 2009**

**III) DETAILED NOTES ON ALL FUNDS - Continued**

**E) Long-Term Liabilities - Continued**

**Notes Payable - Continued**

**Hearne Note**

In December of 2001, the Agency entered into an agreement to finance a portion of the purchase of vacant land. \$1,850,000 to be repaid over a fifteen year period in equal annual installments in the amount of \$123,333, with interest to be accrued and paid annually on the outstanding principle balance at a variable rate equal to the prime rate reported in the Wall Street Journal during the week immediately preceding the date of the Note, and each subsequent anniversary date thereafter, plus 1%.

The following is a summary of future principal and interest payments:

Fiscal Year Ending June 30,	\$1,850,000 Note	
	Principal	Interest
2010	\$ 123,333	\$ 44,077
2011	123,333	35,443
2012	123,333	26,810
2013	123,333	18,177
2014	123,333	9,543
2015	59,253	1,534
	\$ 675,918	\$ 135,584

**1994 Tax Allocation Refunding Bonds**

On March 1, 1994, the Agency adopted a Resolution authorizing the sale of \$5,500,000 aggregate principal amount of King City Redevelopment 1994 Tax Allocation Refunding Bonds at interest rates ranging from 3.75% to 7.00% for the purpose of retiring \$4,745,000 of tax allocation notes issued on December 27, 1990. The bonds mature on September 1 of each year to 2021 with interest payable semi-annually in March and September as follows:

Fiscal Year Ending June 30,	Principal	Interest
2010	\$ 200,000	\$ 234,080
2011	215,000	220,746
2012	225,000	206,500
2013	245,000	190,919
2014	260,000	173,875
2015-2019	1,565,000	573,225
2020-2022	825,000	68,775
	\$ 3,535,000	\$ 1,668,120

**City of King City**  
**Notes to Financial Statements**  
**Year Ended June 30, 2009**

**III) DETAILED NOTES ON ALL FUNDS - Continued**

**E) Long-Term Liabilities - Continued**

**1996 Tax Allocation Revenue Bonds**

On October 3, 1996, the Agency adopted a Resolution authorizing the sale of \$4,000,000 aggregate principal amount of the King City Redevelopment 1996 Tax Allocation Revenue Bonds for the purpose of financing capital improvements within the Agency's project area. The Bonds carry interest rates ranging from 4.40% to 6.00%. Interest is payable semi-annually on March 1 and September 1 of each year. Principal matures on September 1 of each year to 2021 as follows:

Fiscal Year Ending June 30,	Principal	Interest
2010	\$ 145,000	\$ 177,441
2011	155,000	167,841
2012	160,000	157,761
2013	175,000	147,041
2014	185,000	135,521
2015-2019	1,110,000	476,734
2020-2022	860,000	87,783
	<u>\$ 2,790,000</u>	<u>\$ 1,350,122</u>

**1998 Tax Allocation Revenue Bonds**

The Agency adopted a Resolution authorizing the sale of \$4,730,000 aggregate principal amount of the King City Redevelopment 1998 Tax Allocation Revenue Bonds for the purpose of financing capital improvements within the Agency's project area. The Bonds carry interest rates ranging from 3.9% to 5.75%. Interest is payable semi-annually on March 1 and September 1 of each year. Principal matures on September 1 of each year to 2025 as follows:

Fiscal Year Ending June 30,	Principal	Interest
2010	\$ 90,000	\$ 227,640
2011	95,000	222,690
2012	110,000	217,100
2013	105,000	211,188
2014	115,000	205,065
2015-2019	740,000	911,000
2020-2024	2,130,000	565,116
2025	660,000	18,975
	<u>\$ 4,045,000</u>	<u>\$ 2,578,774</u>

**City of King City**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

**III) DETAILED NOTES ON ALL FUNDS - Continued**

**E) Long-Term Liabilities - Continued**

**2009 Refunding Certificates of Participation**

In May of 2009, the King City Public Financing Authority “the Authority” (a component unit of the City of King City) issued 2009 Refunding Certificates of Participation in the principal amount of \$4,990,000. The Certificates were issued to refund the \$4,000,000 2007 Certificates of Participation, Series A and to satisfy reserve requirements. As a result, the 2007 Certificates of Participation, Series A are considered to be defeased and the liability for those certificates have been removed from the City’s books. The Authority refunded the 2007 Certificates of Participation to extend the maturity date of the certificates from September 2010 to September 2039. The refunding increases the total debt service payments over the next 29 years by \$5,947,974 and results in an economic loss of \$328,763.

The Certificates bear an interest rate of 3% to 5.60% payable semi-annually on March 1 and September 1 beginning September 1, 2009, and matures on September 1, 2039. The Certificates are a special obligation of the Authority, payable solely from certain pledged revenues under the Trust Agreement, and do not constitute a pledge of the full faith and credit or taxing power of the Authority or City. “Revenues” are derived of installment payments to be made by the City pursuant to an Installment Sale Agreement dated April 1, 2009 between the City and the Authority. Installment payments are payable from net revenues, defined generally as gross revenues received from the sewer system, less maintenance and operation costs. Annual debt service requirements to maturity are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ -	\$ 209,244
2011	85,000	253,211
2012	85,000	250,661
2013	90,000	247,811
2014	90,000	244,661
2015-2019	505,000	1,173,069
2020-2024	625,000	1,053,176
2025-2029	795,000	869,725
2030-2034	1,035,000	621,555
2035-2039	1,360,000	288,400
2040	320,000	8,960
	<u>\$ 4,990,000</u>	<u>\$ 5,220,473</u>

**Claims and Judgments Payable**

During the 2006-07 and 2007-08 fiscal years, the courts issued a ruling against the Agency in the amount of \$223,135. The ruling is in connection with the Gregory Note. Therefore, amounts reported as Notes Payable in previous years have been reclassified as Claims and Judgments Payable. The judgment is payable on a monthly basis, both principal and interest, at an interest rate of 7%, through July 2018.

**City of King City**  
**Notes to Financial Statements**  
**Year Ended June 30, 2009**

**III) DETAILED NOTES ON ALL FUNDS - Continued**

**E) Long-Term Liabilities - Continued**

**Claims and Judgments Payable - Continued**

The following is a summary of the future debt service requirements:

Fiscal Year Ending June 30,	Principal	Interest
2010	\$ 16,490	\$ 13,510
2011	17,682	12,318
2012	18,961	11,040
2013	20,331	9,669
2014	21,801	8,199
2015	23,377	6,623
2016	25,067	4,933
2017	26,879	3,121
2018	28,822	1,178
2019	1,051	6
	<u>\$ 200,461</u>	<u>\$ 70,597</u>

In the City's and Agency's estimation, there are no other significant claims payable (including incurred but not reported claims) to accrue as of June 30, 2009. Also there were no other claims payable reported in the 2007-08 fiscal year.

**Pension-Related Debt**

As of June 30, 2003, CalPERS implemented risk pooling for the City's multiple-employer public employee defined benefit pension plan. At that point, in accordance with generally accepted accounting principles, the City's Miscellaneous and Safety Plans converted from an "agent" multiple-employer plan to a "cost-sharing" multiple-employer plan. Although a portion of the City's annual required contributions are actuarially determined and shared by all employers of the risk pool, the City is also required to make annual payments on a "Side Fund" which was created when the City entered the risk pool. The responsibility for funding the Side Fund is specific to the City and is not shared by all employers in the plan. Therefore, the Side Fund falls under the definition of pension-related debt, as described in GASB Statement No. 27. The annual payments on the Side Fund represent principal and interest payments on the pension-related debt. Principal and interest are included in the retirement expenditures in the various functions.

**City of King City**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

**III) DETAILED NOTES ON ALL FUNDS - Continued**

**E) Long-Term Liabilities - Continued**

**Pension Related Debt - Continued**

The future debt service requirements for the Safety Plan Side Fund are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 36,167	\$ 20,851	\$ 57,018
2011	40,893	17,977	58,870
2012	46,047	14,737	60,784
2013	51,668	11,092	62,760
2014	57,790	7,010	64,800
2015	64,455	2,451	66,906
<b>Total</b>	<b>\$ 297,020</b>	<b>\$ 74,118</b>	<b>\$ 371,138</b>

The future debt service requirements for the Miscellaneous Plan Side Fund are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 36,024	\$ 61,746	\$ 97,770
2011	42,115	58,833	100,948
2012	48,784	55,444	104,228
2013	56,081	51,535	107,616
2014	64,058	47,056	111,114
2015	72,771	41,954	114,725
2016	82,280	36,173	118,453
2017	92,654	29,649	122,303
2018	103,960	22,317	126,277
2019	116,277	14,104	130,381
2020	129,688	4,932	134,620
<b>Total</b>	<b>\$ 844,692</b>	<b>\$ 423,743</b>	<b>\$ 1,268,435</b>

**City of King City**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

**III) DETAILED NOTES ON ALL FUNDS - Continued**

**E) Long-Term Liabilities - Continued**

**Changes in Long-Term Liabilities**

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$ 365,231	\$ 14,304	\$	\$ 379,535	\$
Notes Payable	936,977		148,575	788,402	147,324
Tax Allocation Refunding Bonds	3,725,000		190,000	3,535,000	200,000
Tax Allocation Revenue Bonds	7,055,000		220,000	6,835,000	235,000
Claims Payable	215,839		15,378	200,461	16,490
Pension Related Debt	1,204,018		62,306	1,141,712	72,191
<b>Total</b>	<b>\$ 13,502,065</b>	<b>\$ 14,304</b>	<b>\$ 636,259</b>	<b>\$ 12,880,110</b>	<b>\$ 671,005</b>
<b>Business-Type Activities:</b>					
Compensated Absences	\$ 22,833	\$ 2,500	\$ 3,876	\$ 21,457	\$ -
2007 COPS Series A	4,000,000		4,000,000	-	-
2009 Refunding COPS	-	4,990,000		4,990,000	-
	<b>\$ 4,022,833</b>	<b>\$ 4,992,500</b>	<b>\$ 4,003,876</b>	<b>\$ 5,011,457</b>	<b>\$ -</b>

**Defeased Debt**

On December 27, 1990, \$5,000,000 in Series 1990 Tax Allocation Bonds were issued at interest rates which varied from 6.25% to 8.5%.

In March of 1994, the outstanding bonds totaling \$4,745,000 were defeased by placing proceeds of the 1994 redevelopment bonds in an irrevocable trust to provide for all future debt service payments on the bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Agency's financial statements.

**F) Conduit Debt Obligations**

To assist in the acquisition and construction of an education and training center, and in cooperation with the Hartnell Community College District (the "District"), the City has issued Certificates of Participation (the "COPS"). These COPS are payable solely from and secured by a pledge of lease payments to be received from a lease agreement between the City and the District. The COPS do not constitute a debt or pledge of the faith and credit of the City and accordingly have not been reported in the accompanying financial statements. At June 30, 2009, the outstanding balance on the COPS was \$2,050,000.

**City of King City**  
**Notes to Financial Statements**  
**Year Ended June 30, 2009**

**III) DETAILED NOTES ON ALL FUNDS - Continued**

**F) Conduit Debt Obligations - Continued**

To provide financing for health facilities of Southern Monterey County Memorial Hospital (the "Corporation"), the City has issued \$5,265,000 aggregate principal amount of Health Facilities Revenue Certificates of Participation, 1998 Series A, and \$7,735,000 aggregate principal amount of Health Facilities Revenue Certificates of Participation, 1999 Series B (the "COPS"). These COPS are payable solely from purchase payments received by the City from the Corporation pursuant to an installment purchase agreement. The COPS do not constitute a debt or pledge of the faith and credit of the City and accordingly have not been reported in the accompanying financial statements. At June 30, 2009 the outstanding balance on both COPS Series was \$11,113,362.

**IV) OTHER INFORMATION**

**A) City Employees' Retirement Plan (Defined Benefit Pension Plan)**

**Plan Description**

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

The City of King City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance or resolution. CalPERS issue a separate comprehensive annual financial report. Copies of the CalPERS's annual financial report may be obtained from the CalPERS executive Office-400 P Street-Sacramento, California, 95814.

**Funding Policy**

Active plan members in the Miscellaneous Plan and the Safety Plan are required to contribute between 7 percent and 9 percent of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for Fiscal Year 2008-2009 was 17.593 percent for Miscellaneous employees and 19.084 percent for Safety employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

**City of King City**  
**Notes to Financial Statements**  
Year Ended June 30, 2009

**IV) OTHER INFORMATION - Continued**

**A) City Employees' Retirement Plan (Defined Benefit Pension Plan) - Continued**

Three Year Trend Information for the Miscellaneous and Safety Plan

Fiscal Year	Required Contribution	Percent Contributed
6/30/07	\$ 325,896	100%
6/30/08	\$ 436,972	100%
6/30/09	\$ 425,791	100%

**B) Defined Contribution Retirement Plan**

The City established a defined contribution profit sharing retirement plan in the form of 401 Governmental Profit Sharing Plan and Trust for the benefit of its employees as allowed by the Internal Revenue Code of 1986. The plan provides employees with funds for retirement and for their beneficiaries in the event of death. The plan is administered by ICMA Retirement Corporation (ICMA-RC) with its assets invested in VantageTrust Company. Under the plan, City employees can voluntarily contribute a maximum of up to 5% of their wages with a City maximum match of 2%. The contribution requirement for employees and the employer are established and may be amended by the agreements between employee unions and the City.

For the year ended June 30, 2009, plan members and the City contributed \$29,229 and \$59,013 respectively.

**C) Postemployment Benefits Other than Pension Benefits**

The City currently pays all or a portion of the health insurance premiums for certain retirees based on agreements at the time of retirement. The City's contribution for each retiree is the amount necessary to pay the cost of his or her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of one dollar (\$1) per month, increased annually by five percent (5%) of the monthly contribution for employees, until such time as the contributions are equal.

For the 2008-09 fiscal year, there were two retirees receiving such benefits, with total expenditures of \$9,401.

**D) Self-Funded Insurance Coverage**

The City provided for workers' compensation and liability coverage through a self-funded joint powers agency (JPA), the Monterey Bay Area Insurance Authority. JPA accounts are not separately maintained for each participant.

The Authority covers losses in excess of \$10,000 for members of the liability group and carries excess insurance for losses between \$300,000 and \$9,500,000. Members of the workers' compensation group pay temporary disability claims directly, while the Authority pays for permanent disability claims, medical costs, rehabilitation and legal costs.

The City purchases a separate policy for the Airport operations, which provides \$5,000,000 in liability insurance, \$1,000,000 in personal injury, \$50,000 in fire legal liability, and \$200,000 in hangerkeeper's liability for any one aircraft with an aggregate of \$500,000 per occurrence.

**City of King City**  
**Notes to Financial Statements**  
**Year Ended June 30, 2009**

**IV) OTHER INFORMATION - Continued**

**E) Contingencies and Commitments**

**Litigation**

The City is currently involved in various lawsuits, for which the outcome is not presently determinable, whether favorable or unfavorable.

**State and Federal Funds**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

**Workers' Compensation JPA**

The City and Agency participate in the workers' compensation program of the Monterey Bay Area Self Insurance Authority. This program had negative net assets as of June 30, 2009. It should be noted that the Authority accrued approximately \$10 million in long-term liabilities for claim and claim adjustment reserves in previous years which contributed to the negative net assets. The effect this may have on the City (and Agency) is currently unknown. The City contributes approximately three percent of the Authority's revenue for the workers' compensation program.

**Proposition 62**

The California Supreme Court recently upheld the constitutionality of Proposition 62, an initiative which requires voter approval of new or increased taxes. The likelihood and amount of such an adverse effect upon the financial position of the City is currently unknown and has not been reflected in the general purpose financial statements.

**Going Concern and Management's Plans**

As shown in the basic financial statements, the City's General, Landfill Closure, and First Street Rehabilitation funds had negative changes in fund balances of \$423,073, \$44,365, and \$639,780 respectively. This resulted in negative fund balances in these funds of \$2,601,451, \$770,620 and \$999,182 respectively, as of June 30, 2009. The City's management is developing a plan to reduce its expenditures and liabilities. The ability of the City to continue as a going concern is dependent on the progress of the plan in subsequent fiscal years. Also, as reported in the basic financial statements, expenditures in the CDA Debt Service fund exceeded revenues by approximately \$320,000 for the 2008-09 fiscal year. The net tax increment received by the CDA Debt Service fund (after pass-through payments) amounted to approximately \$975,000, while the annual debt service requirements on outstanding bonds and notes payable amount to \$1.3 million. Except for approximately \$43,000 in investment earnings, the current year deficit was offset by transfers of unspent proceeds from the 1998 and 1996 Bond Issue Capital Project funds, which will not be available in future years. In order to address the excess of expenditures over revenues,

**City of King City**  
**Notes to Financial Statements**  
**Year Ended June 30, 2009**

**IV) OTHER INFORMATION - Continued**

**E) Contingencies and Commitments - Continued**

**Going Concern and Management's Plans - Continued**

management is considering refinancing the 1994, 1996, and 1998 Tax Allocation Bonds to reduce the annual debt service requirements. It is unclear at this time whether the Agency will be able to successfully refinance the outstanding debt. These financial statements do not include adjustments that might be necessary if the City and/or CDA are unable to continue as going concerns.

**Excess Surplus**

As of June 30, 2009, the Agency's Low and Moderate Income Housing fund did not expend or encumber \$630,000 of excess surplus from June 30, 2006. As defined by Section 33334.12(b) of the Health and Safety Code, the Agency had three years (until June 30, 2009) to expend or encumber the excess surplus from the June 30, 2006 fiscal year. As a result, the Agency may be subject to sanctions, which may include restrictions on the expenditure of redevelopment funds.

**F) Landfill Postclosure Costs**

Since the closure of the City's landfill in previous fiscal years, the City has been incurring postclosure care costs. In accordance with generally accepted accounting principles, the City was required to estimate and recognize an accrued liability for both closure and postclosure costs related to the landfill. Because the City accounts for the postclosure costs in a governmental fund, this liability of total estimated costs should be reported in the government-wide statement of net assets, and be adjusted each year as necessary. However, the City has not estimated and recorded this liability as required. In addition, certain required note disclosures relating to the landfill postclosure costs have not been included in these financial statements.

**G) Prior Period Adjustments**

The prior period adjustment of \$121,128 in the Statement of Revenues, Expenditures and Changes in Fund Balances in the non-major special revenue Airport Operations fund and the prior period adjustment of \$2,069,524 in the Statement of Revenues, Expenses and Changes in Net Assets Airport Operations fund is a result of the change in fund type classification from a proprietary fund to a special revenue fund as approved through City Council resolution. Also, the prior period adjustment of \$2,069,524 in the Governmental and Business-Type Activities in the Statement of Activities is a result of the fund type reclassification.

The adjustments in the Capital Assets Note III D are a result of the above mentioned reclassification of fund type. The capital assets of the Business-Type Activities are now reported as capital assets of the Governmental Activities.

**City of King City**  
**Notes to Financial Statements**  
**Year Ended June 30, 2009**

**IV) OTHER INFORMATION - Continued**

**H) Subsequent Events**

Subsequent to June 30, 2009, the State of California passed legislation to divert approximately \$2.05 billion of local redevelopment funds to use for State purposes, as part of the 2009/10 State budget. This includes \$1.7 billion in fiscal year 2009-10 and another \$350 million in fiscal year 2010-11. The California Redevelopment Association (CRA) has filed a lawsuit in Sacramento Superior Court to challenge the constitutionality of this legislation. Currently, the effect that this legislation and resulting lawsuit will have on the Agency's future revenues is unknown.

Subsequent to June 30, 2009, the City sold a parcel of land for \$431,000.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of King City**  
**Notes to Required Supplementary Information**  
June 30, 2009

**BUDGETS AND BUDGETARY ACCOUNTING**

The City Council has the responsibility for adoption of a City budget. Budgets are adopted for governmental funds and proprietary funds.

From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during each fiscal year. The City Manager may 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.

Budgetary comparison is provided in the accompanying financial statements for the General Fund and Major Special Revenue Funds. Budgeted revenue and expenditure amounts shown represent the City's originally-adopted budget and the final budget adjusted for supplemental revenues and appropriations during the course of the fiscal year. Budget amounts, as adjusted, are adopted on a basis consistent with accounting principles generally accepted in the United States of America. During the 2008-2009 fiscal year, the City Council made several supplemental budgetary appropriations.

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

<u>Fund</u>	<u>Excess Expenditures</u>
Gas Tax	\$ 29,470
Landfill Closure	6,865

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,924,000	\$ 2,924,000	\$ 2,674,756	\$ (249,244)
Licenses & Permits	169,200	169,200	141,947	(27,253)
Fines & Forfeitures	106,000	106,000	114,560	8,560
Investment Income	40,700	40,700	19,008	(21,692)
Intergovernmental	992,600	992,600	1,122,140	129,540
Charges for Services	400,810	400,810	357,362	(43,448)
Other Revenue	1,000	1,000	13,125	12,125
<b>Total Revenues</b>	<b>4,634,310</b>	<b>4,634,310</b>	<b>4,442,898</b>	<b>(191,412)</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General Government	1,141,364	1,141,364	1,020,879	120,485
Public Safety	2,899,205	2,899,205	3,122,639	(223,434)
Public Works	331,285	331,285	352,746	(21,461)
Culture and Recreation	186,660	186,660	173,833	12,827
Community Development	858,390	858,390	652,994	205,396
Capital Outlay	27,000	27,000	19,703	7,297
<b>Total Expenditures</b>	<b>5,443,904</b>	<b>5,443,904</b>	<b>5,342,794</b>	<b>101,110</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(809,594)</b>	<b>(809,594)</b>	<b>(899,896)</b>	<b>(90,302)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,100,000	1,100,000	220,000	(880,000)
Gain on Sale of Assets			256,823	256,823
<b>Total Other Financing Sources (Uses)</b>	<b>1,100,000</b>	<b>1,100,000</b>	<b>476,823</b>	<b>(623,177)</b>
<b>Net Change in Fund Balances</b>	<b>290,406</b>	<b>290,406</b>	<b>(423,073)</b>	<b>(713,479)</b>
Fund Balances, Beginning	(2,178,378)	(2,178,378)	(2,178,378)	-
Fund Balances, Ending	<u>\$ (1,887,972)</u>	<u>\$ (1,887,972)</u>	<u>\$ (2,601,451)</u>	<u>\$ (713,479)</u>

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Gas Tax**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Income	\$ 15,000	\$ 15,000	\$ 242	\$ (14,758)
Intergovernmental	185,000	185,000	183,179	(1,821)
Total Revenues	<u>200,000</u>	<u>200,000</u>	<u>183,421</u>	<u>(16,579)</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	228,550	228,550	256,712	(28,162)
Capital Outlay			1,308	(1,308)
Total Expenditures	<u>228,550</u>	<u>228,550</u>	<u>258,020</u>	<u>(29,470)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(28,550)</u>	<u>(28,550)</u>	<u>(74,599)</u>	<u>(46,049)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(55,000)</u>	<u>(55,000)</u>		55,000
Total Other Financing Sources (Uses)	<u>(55,000)</u>	<u>(55,000)</u>	-	55,000
Net Change in Fund Balance	(83,550)	(83,550)	(74,599)	8,951
Fund Balance, Beginning	<u>1,252,347</u>	<u>1,252,347</u>	<u>1,252,347</u>	-
Fund Balance, Ending	<u>\$ 1,168,797</u>	<u>\$ 1,168,797</u>	<u>\$ 1,177,748</u>	<u>\$ 8,951</u>

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Landfill Closure**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Other Revenues	\$	\$	\$	\$ -
Total Revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
Public Works	37,500	37,500	44,365	(6,865)
Total Expenditures	37,500	37,500	44,365	(6,865)
Excess (Deficiency) of Revenues over Expenditures	(37,500)	(37,500)	(44,365)	(6,865)
Fund Balance, Beginning	(726,255)	(726,255)	(726,255)	
Fund Balance, Ending	<u>\$ (763,755)</u>	<u>\$ (763,755)</u>	<u>\$ (770,620)</u>	<u>\$ (6,865)</u>

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - CDA Special Revenue Fund**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Earnings	\$	\$	\$	\$ -
Other	<u>73,729</u>	<u>73,729</u>	<u>19,732</u>	<u>(53,997)</u>
Total Revenues	<u>73,729</u>	<u>73,729</u>	<u>19,732</u>	<u>(53,997)</u>
<b>EXPENDITURES</b>				
Current:				
Community Development	<u>186,430</u>	<u>186,430</u>	<u>80,494</u>	<u>105,936</u>
Total Expenditures	<u>186,430</u>	<u>186,430</u>	<u>80,494</u>	<u>105,936</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(112,701)</u>	<u>(112,701)</u>	<u>(60,762)</u>	<u>51,939</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>-</u>	<u>-</u>	<u>320,987</u>	<u>320,987</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>320,987</u>	<u>320,987</u>
Net Change in Fund Balance	<u>(112,701)</u>	<u>(112,701)</u>	<u>260,225</u>	<u>372,926</u>
Fund Balance, Beginning	<u>295,047</u>	<u>295,047</u>	<u>295,047</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 182,346</u>	<u>\$ 182,346</u>	<u>\$ 555,272</u>	<u>\$ 372,926</u>

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - CDA Low/Moderate Income Housing Fund**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 380,000	\$ 380,000	\$ 345,662	\$ (34,338)
Investment Income			43,514	43,514
Total Revenues	<u>380,000</u>	<u>380,000</u>	<u>389,176</u>	<u>9,176</u>
<b>EXPENDITURES</b>				
Current:				
Community Development				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>380,000</u>	<u>380,000</u>	<u>389,176</u>	<u>9,176</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(100,000)</u>	<u>(100,000)</u>		<u>100,000</u>
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balance	280,000	280,000	389,176	109,176
Fund Balance, Beginning	<u>2,927,451</u>	<u>2,927,451</u>	<u>2,927,451</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 3,207,451</u>	<u>\$ 3,207,451</u>	<u>\$ 3,316,627</u>	<u>\$ 109,176</u>

**SUPPLEMENTARY INFORMATION**

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Community Development Agency Debt Service Fund**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,375,974	\$ (24,026)
Investment Income	66,000	66,033	43,403	(22,630)
Total Revenues	<u>1,466,000</u>	<u>1,466,033</u>	<u>1,419,377</u>	<u>(46,656)</u>
<b>EXPENDITURES</b>				
Current:				
Community Development	450,000	450,000	417,960	32,040
Debt Service:				
Principal	11,965,000	11,965,000	573,953	11,391,047
Interest and Fiscal Charges	430,500	430,500	748,076	(317,576)
Total Expenditures	<u>12,845,500</u>	<u>12,845,500</u>	<u>1,739,989</u>	<u>11,105,511</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(11,379,500)</u>	<u>(11,379,467)</u>	<u>(320,612)</u>	<u>11,058,855</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In			247,520	247,520
Transfers Out	(700,000)	(700,000)		700,000
Proceeds from Long-term Debt	12,100,000	12,100,000		(12,100,000)
Total Other Financing Sources (Uses)	<u>11,400,000</u>	<u>11,400,000</u>	<u>247,520</u>	<u>(11,152,480)</u>
Net Change in Fund Balance	20,500	20,533	(73,092)	(93,625)
Fund Balance, Beginning	<u>1,042,312</u>	<u>1,042,312</u>	<u>1,042,312</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,062,812</u>	<u>\$ 1,062,845</u>	<u>\$ 969,220</u>	<u>\$ (93,625)</u>

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - First Street Rehabilitation**  
**Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ 3,823,847</u>	<u>\$(2,176,153)</u>
Total Revenues	<u>6,000,000</u>	<u>6,000,000</u>	<u>3,823,847</u>	<u>(2,176,153)</u>
<b>EXPENDITURES</b>				
Capital Outlay	<u>5,000,000</u>	<u>5,000,000</u>	<u>4,463,627</u>	<u>536,373</u>
Total Expenditures	<u>5,000,000</u>	<u>5,000,000</u>	<u>4,463,627</u>	<u>536,373</u>
Excess (Deficiency) of Revenues over Expenditures	1,000,000	1,000,000	(639,780)	(1,639,780)
Fund Balance, Beginning	<u>(359,402)</u>	<u>(359,402)</u>	<u>(359,402)</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 640,598</u>	<u>\$ 640,598</u>	<u>\$ (999,182)</u>	<u>\$(1,639,780)</u>

**This page intentionally left blank**

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds:

SLESF/COPS Police Grant Fund - to account for State COPS Grants for Public Safety.

Local Transportation fund - to account for Transportation funds received from the State of California.

Traffic Congestion Relief Fund - to account for revenues received from the State of California exclusively for street or road purposes.

Asset Seizure Fund - to account for the revenues received from asset forfeiture fines and for the expenditure of these funds.

Riverview Gardens Landscape Fund - to account for monies received from property tax assessments received under a Landscape Lighting and Maintenance district for the Riverview Gardens Subdivision. Funds are used to pay for landscape maintenance.

Airport Operations Fund - to account for the maintenance, operation and capital expenditures of the Mesa Del Rey Municipal Airport. Financing is provided by user fees from rentals and leases.

Traffic Safety Fund - to account for revenues received from fines resulting from traffic violations and expenditures on traffic signs, signals and control devices, equipment and supplies for traffic law enforcement and accident prevention.

CDBG Grant Funds - to account for revenues received from CDBG grants and for the expenditure of those funds.

UUT-Public Safety - to account for the utility users' tax designated for public safety expenditures.

Proposition 1B Fund - to account for funds received from the State of California for specific transportation programs.

### Capital Projects Funds:

1996 Bond Issue Fund - to account for expenditures to acquire, construct and improve land, facilities and equipment from the proceeds to the 1996 Bond Issue.

1998 Bond Issue Fund - to account for the proceeds from the 1998 Tax Allocation Bonds which were used to acquire, construct and improve land, facilities and programs of the Agency.

Capital Projects - to account for expenditures related to various capital projects within the City.

The Development Impact Fees Fund - to account for mitigation fees received from new construction which are to be used according to the City's approved Master Facilities Plan.

**City of King City  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2009**

	Special Revenue			
	SLESF/COPS Grant	Local Transportation	Traffic Congestion Relief	Asset Seizure
<b>ASSETS</b>				
Cash and Investments	\$ 77,993	\$	\$ 77,180	\$ 13,123
Accounts Receivable				
Due from Other Funds				
Due from Other Governments	44,775		24,231	
<b>Total Assets</b>	<u>\$ 122,768</u>	<u>\$ -</u>	<u>\$ 101,411</u>	<u>\$ 13,123</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 260	\$ 25,769	\$	\$
Accrued Liabilities		3,474		
Due to Other Funds		197,153		
Deposits				
<b>Total Liabilities</b>	<u>260</u>	<u>226,396</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
<b>Reserved:</b>				
Advances to Other Funds				
<b>Unreserved:</b>				
Undesignated	122,508	(226,396)	101,411	13,123
<b>Total Fund Balances</b>	<u>122,508</u>	<u>(226,396)</u>	<u>101,411</u>	<u>13,123</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 122,768</u>	<u>\$ -</u>	<u>\$ 101,411</u>	<u>\$ 13,123</u>

Special Revenue

Riverview Gardens Landscape	Airport Operations	Traffic Safety	CDBG Grant	UUT- Public Safety	Prop 1B
\$ 42,470	\$ 118,313 13,287	\$ 20,359 378	\$ 2,741	\$ 7,254 18,706	\$ 21,628
<u>\$ 42,470</u>	<u>\$ 131,600</u>	<u>\$ 20,737</u>	<u>\$ 2,741</u>	<u>\$ 25,960</u>	<u>\$ 21,628</u>
\$ 9	\$ 30,510 1,116 5,719	\$	\$ 836 81,175	\$	\$ 35,707
<u>9</u>	<u>37,345</u>	<u>-</u>	<u>82,011</u>	<u>-</u>	<u>35,707</u>
<u>42,461</u>	<u>94,255</u>	<u>20,737</u>	<u>(79,270)</u>	<u>25,960</u>	<u>(14,079)</u>
<u>42,461</u>	<u>94,255</u>	<u>20,737</u>	<u>(79,270)</u>	<u>25,960</u>	<u>(14,079)</u>
<u>\$ 42,470</u>	<u>\$ 131,600</u>	<u>\$ 20,737</u>	<u>\$ 2,741</u>	<u>\$ 25,960</u>	<u>\$ 21,628</u>

CONTINUED

**City of King City  
Combining Balance Sheet  
Non-Major Governmental Funds (Continued)  
June 30, 2009**

	Capital Projects			Capital Projects	Total Nonmajor Governmental Funds
	1996 Bond Issue	1998 Bond Issue	Capital Projects	Development Impact Fees	
<b>ASSETS</b>					
Cash and Investments	\$ 935	\$ 2,693	\$ -	\$ -	\$ 381,948
Accounts Receivable					35,112
Due from Other Funds					-
Due from Other Governments					69,006
<b>Total Assets</b>	<b>\$ 935</b>	<b>\$ 2,693</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 486,066</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ -	\$ -	\$ 19,183	\$ 4,063	\$ 116,337
Accrued Liabilities					4,590
Due to Other Funds			96,718	130,883	505,929
Deposits					5,719
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>115,901</b>	<b>134,946</b>	<b>632,575</b>
<b>Fund Balances:</b>					
<b>Reserved:</b>					
Advances to Other Funds					-
<b>Unreserved:</b>					
Undesignated	935	2,693	(115,901)	(134,946)	(146,509)
<b>Total Fund Balances</b>	<b>935</b>	<b>2,693</b>	<b>(115,901)</b>	<b>(134,946)</b>	<b>(146,509)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 935</b>	<b>\$ 2,693</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 486,066</b>

**This page intentionally left blank**

**City of King City**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**Year Ended, June 30, 2009**

	Special Revenue			
	SLESF/COPS Grant	Local Transportation	Traffic Congestion Relief	Asset Seizure
<b>REVENUES</b>				
Taxes	\$	\$	\$	\$
Licenses, Permits and Impact Fees				
Investment Income	982		782	182
Intergovernmental	101,576		24,231	9,771
Fines and Forfeitures				
Charges for Services				
Other Revenues			76,398	
<b>Total Revenues</b>	<u>102,558</u>	<u>-</u>	<u>101,411</u>	<u>9,953</u>
<b>EXPENDITURES</b>				
Current:				
General Government				
Public Safety	16,374			
Public Works		197,449		
Community Development				
Capital Outlay	32,695	23,479		
Debt Service:				
Interest and Fiscal Charges				
<b>Total Expenditures</b>	<u>49,069</u>	<u>220,928</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>53,489</u>	<u>(220,928)</u>	<u>101,411</u>	<u>9,953</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In				
Transfers Out				
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>53,489</u>	<u>(220,928)</u>	<u>101,411</u>	<u>9,953</u>
Fund Balances - Beginning	69,019	(5,468)	-	3,170
Prior Period Adjustment				
<b>Fund Balances - Ending</b>	<u>\$ 122,508</u>	<u>\$ (226,396)</u>	<u>\$ 101,411</u>	<u>\$ 13,123</u>

Special Revenue

Riverview Gardens Landscape	Airport Operations	Traffic Safety	CDGB Grant	UUT - Public Safety	Prop 1B
\$ 5,154	\$	\$	\$	\$ 220,662	\$
545	776 132,593 113,281	262 5,244	4,004 379,253	642	2,694
					270
5,699	246,650	5,506	383,257	221,304	2,964
110	273,523		141,691 10,927		55,629 355,522
110	273,523	-	152,618	-	411,151
5,589	(26,873)	5,506	230,639	221,304	(408,187)
				(220,000)	
	-	-	-	(220,000)	-
5,589	(26,873)	5,506	230,639	1,304	(408,187)
36,872	-	15,231	(309,909)	24,656	394,108
	121,128				
\$ 42,461	\$ 94,255	\$ 20,737	\$ (79,270)	\$ 25,960	\$ (14,079)

CONTINUED

**City of King City**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds (Continued)**  
**Year Ended, June 30, 2009**

	Capital Projects		Capital Projects		Total Nonmajor Governmental Funds
	1996 Bond Issue	1998 Bond Issue	Capital Projects	Development Impact Fees	
<b>REVENUES</b>					
Taxes	\$	\$	\$	\$	\$ 225,816
Licenses, Permits and Impact Fees				1,208	1,208
Investment Income	936	2,694		6,419	20,918
Intergovernmental					647,424
Fines and Forfeitures					5,244
Charges for Services					113,281
Other Revenues					76,668
<b>Total Revenues</b>	<u>936</u>	<u>2,694</u>	<u>-</u>	<u>7,627</u>	<u>1,090,559</u>
<b>EXPENDITURES</b>					
Current:					
General Government					-
Public Safety				7,606	23,980
Public Works			56,426	46,287	573,795
Community Development				5,733	203,053
Capital Outlay			16,481	4,382	443,486
Debt Service:					
Interest and Fiscal Charges					-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>72,907</u>	<u>64,008</u>	<u>1,244,314</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>936</u>	<u>2,694</u>	<u>(72,907)</u>	<u>(56,381)</u>	<u>(153,755)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In					
Transfers Out	(145,999)	(422,508)			(788,507)
<b>Total Other Financing Sources (Uses)</b>	<u>(145,999)</u>	<u>(422,508)</u>	<u>-</u>	<u>-</u>	<u>(788,507)</u>
<b>Net Change in Fund Balances</b>	<u>(145,063)</u>	<u>(419,814)</u>	<u>(72,907)</u>	<u>(56,381)</u>	<u>(942,262)</u>
Fund Balances - Beginning	145,998	422,507	(42,994)	(78,565)	674,625
Prior Period Adjustment					121,128
<b>Fund Balances - Ending</b>	<u>\$ 935</u>	<u>\$ 2,693</u>	<u>\$ (115,901)</u>	<u>\$ (134,946)</u>	<u>\$ (146,509)</u>

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - SLESF/COPS Grant**  
**Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment Income	\$		\$ 982	\$ 982
Intergovernmental	80,300	80,300	101,576	21,276
Total Revenues	<u>80,300</u>	<u>80,300</u>	<u>102,558</u>	<u>22,258</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	26,000	26,000	16,374	9,626
Capital Outlay	74,000	74,000	32,695	41,305
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>49,069</u>	<u>50,931</u>
Excess (Deficiency) of Revenues over Expenditures	(19,700)	(19,700)	53,489	73,189
Fund Balance, Beginning	<u>69,019</u>	<u>69,019</u>	<u>69,019</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 49,319</u>	<u>\$ 49,319</u>	<u>\$ 122,508</u>	<u>\$ 73,189</u>

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Local Transportation**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 300,000	\$ 300,000	\$	\$ (300,000)
Total Revenues	<u>300,000</u>	<u>300,000</u>	-	<u>(300,000)</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	294,250	294,250	197,449	96,801
Capital Outlay			23,479	(23,479)
Total Expenditures	<u>294,250</u>	<u>294,250</u>	<u>220,928</u>	<u>73,322</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,750</u>	<u>5,750</u>	<u>(220,928)</u>	<u>(226,678)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(25,000)</u>	<u>(25,000)</u>		<u>25,000</u>
Total Other Financing Sources (Uses)	<u>(25,000)</u>	<u>(25,000)</u>	-	<u>25,000</u>
Net Change in Fund Balance	(19,250)	(19,250)	(220,928)	(201,678)
Fund Balance, Beginning	<u>(5,468)</u>	<u>(5,468)</u>	<u>(5,468)</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (24,718)</u>	<u>\$ (24,718)</u>	<u>\$ (226,396)</u>	<u>\$ (201,678)</u>

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Traffic Congestion Relief**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Income	\$		\$ 782	\$ 782
Intergovernmental	85,000	85,000	24,231	(60,769)
Other Revenue			76,398	76,398
Total Revenues	<u>85,000</u>	<u>85,000</u>	<u>101,411</u>	<u>16,411</u>
<b>EXPENDITURES</b>				
Current:				
Public Works				-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	85,000	85,000	101,411	16,411
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 85,000</u>	<u>\$ 85,000</u>	<u>\$ 101,411</u>	<u>\$ 16,411</u>

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Asset Seizure**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Income	\$	\$	\$ 182	\$ 182
Intergovernmental			9,771	9,771
<b>Total Revenues</b>			<u>9,953</u>	<u>9,953</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety				-
<b>Total Expenditures</b>			<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>			9,953	9,953
<b>Fund Balance, Beginning</b>	3,170	3,170	3,170	-
<b>Fund Balance, Ending</b>	<u>\$ 3,170</u>	<u>\$ 3,170</u>	<u>\$ 13,123</u>	<u>\$ 9,953</u>

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Riverview Gardens Landscape**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 5,000	\$ 5,000	\$ 5,154	\$ 154
Investment Income			545	545
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>5,699</u>	<u>699</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	4,435	4,435	110	4,325
Total Expenditures	<u>4,435</u>	<u>4,435</u>	<u>110</u>	<u>4,325</u>
Excess (Deficiency) of Revenues over Expenditures	565	565	5,589	5,024
Fund Balance, Beginning	<u>36,872</u>	<u>36,872</u>	<u>36,872</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 37,437</u>	<u>\$ 37,437</u>	<u>\$ 42,461</u>	<u>\$ 5,024</u>

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Airport Operations**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Income	\$ 500	\$ 500	\$ 776	\$ 276
Intergovernmental	10,000	10,000	132,593	122,593
Charges for Services	114,414	114,414	113,281	(1,133)
Total Revenues	<u>124,914</u>	<u>124,914</u>	<u>246,650</u>	<u>121,736</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	99,290	224,290	273,523	(49,233)
Total Expenditures	<u>99,290</u>	<u>224,290</u>	<u>273,523</u>	<u>(49,233)</u>
Excess (Deficiency) of Revenues over Expenditures	25,624	(99,376)	(26,873)	72,503
Fund Balance, Beginning			-	-
Priod Period Adjustment	121,128	121,128	121,128	-
Fund Balance, Ending	<u>\$ 146,752</u>	<u>\$ 21,752</u>	<u>\$ 94,255</u>	<u>\$ 72,503</u>

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Traffic Safety**  
**Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment Income	\$		\$ 262	\$ 262
Fines & Forfeitures	3,000	3,000	5,244	2,244
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>5,506</u>	<u>2,506</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety				
Capital Outlay				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	3,000	3,000	5,506	2,506
Fund Balance, Beginning	<u>15,231</u>	<u>15,231</u>	<u>15,231</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 18,231</u>	<u>\$ 18,231</u>	<u>\$ 20,737</u>	<u>\$ 2,506</u>

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - CDBG Grant**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Income	\$ 3,900	\$ 3,900	\$ 4,004	\$ 104
Intergovernmental Revenues	1,121,500	1,126,500	379,253	(747,247)
Total Revenues	<u>1,125,400</u>	<u>1,130,400</u>	<u>383,257</u>	<u>(747,143)</u>
<b>EXPENDITURES</b>				
Current:				
Community Development	921,500	926,500	141,691	784,809
Capital Outlay			10,927	(10,927)
Total Expenditures	<u>921,500</u>	<u>926,500</u>	<u>152,618</u>	<u>773,882</u>
Excess (Deficiency) of Revenues over Expenditures	203,900	203,900	230,639	26,739
Fund Balance, Beginning	<u>(309,909)</u>	<u>(309,909)</u>	<u>(309,909)</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (106,009)</u>	<u>\$ (106,009)</u>	<u>\$ (79,270)</u>	<u>\$ 26,739</u>

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - UUT - Public Safety**  
**Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 277,600	\$ 277,600	\$ 220,662	\$ (56,938)
Investment Income			642	642
Total Revenues	<u>277,600</u>	<u>277,600</u>	<u>221,304</u>	<u>(56,296)</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety				-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>277,600</u>	<u>277,600</u>	<u>221,304</u>	<u>(56,296)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(220,000)</u>	<u>30,000</u>
Total Other Financing Sources (Uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(220,000)</u>	<u>30,000</u>
Net Change in Fund Balance	27,600	27,600	1,304	(26,296)
Fund Balance, Beginning	<u>24,656</u>	<u>24,656</u>	<u>24,656</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 52,256</u>	<u>\$ 52,256</u>	<u>\$ 25,960</u>	<u>\$ (26,296)</u>

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Prop 1B**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Income	\$	\$	\$ 2,694	\$ 2,694
Intergovernmental Revenues		205,000		(205,000)
Other Revenues			270	270
Total Revenues	-	205,000	2,964	(202,036)
<b>EXPENDITURES</b>				
Current:				
Community Development			55,629	(55,629)
Capital Outlay		205,000	355,522	(150,522)
Total Expenditures	-	205,000	411,151	(206,151)
Excess (Deficiency) of Revenues over Expenditures	-	-	(408,187)	(408,187)
Fund Balance, Beginning	394,108	394,108	394,108	-
Fund Balance, Ending	\$ 394,108	\$ 394,108	\$ (14,079)	\$ (408,187)

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - 1996 Bond Issue Capital Project**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Income	\$	\$	\$ 936	\$ 936
Total Revenues	-	-	936	936
<b>EXPENDITURES</b>				
Current:				
General Government				-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	936	936
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out			(145,999)	(145,999)
Total Other Financing Sources (Uses)	-	-	(145,999)	(145,999)
Net Change in Fund Balance	-	-	(145,063)	(145,063)
Fund Balance, Beginning	145,998	145,998	145,998	-
Fund Balance, Ending	<u>\$ 145,998</u>	<u>\$ 145,998</u>	<u>\$ 935</u>	<u>\$ (145,063)</u>

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - 1998 Bond Issue Capital Project**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Income	\$	\$	\$ 2,694	\$ 2,694
Total Revenues	-	-	2,694	2,694
<b>EXPENDITURES</b>				
Capital Outlay				-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	2,694	2,694
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out			(422,508)	(422,508)
Total Other Financing Sources (Uses)	-	-	(422,508)	(422,508)
Net Change in Fund Balance	-	-	(419,814)	(419,814)
Fund Balance, Beginning	422,507	422,507	422,507	-
Fund Balance, Ending	\$ 422,507	\$ 422,507	\$ 2,693	\$ (419,814)

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Capital Projects**  
**Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental Revenues	\$ 1,011,550	\$ 1,011,550	\$	\$(1,011,550)
Total Revenues	<u>1,011,550</u>	<u>1,011,550</u>	<u>-</u>	<u>(1,011,550)</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	1,011,500	1,011,500	56,426	955,074
Capital Outlay			<u>16,481</u>	<u>(16,481)</u>
Total Expenditures	<u>1,011,500</u>	<u>1,011,500</u>	<u>72,907</u>	<u>938,593</u>
Excess (Deficiency) of Revenues over Expenditures	50	50	(72,907)	(72,957)
Fund Balance, Beginning	<u>(42,994)</u>	<u>(42,994)</u>	<u>(42,994)</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (42,944)</u>	<u>\$ (42,944)</u>	<u>\$ (115,901)</u>	<u>\$ (72,957)</u>

**City of King City**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Development Impact Fees**  
**Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses, Permits and Impact Fees	\$ 47,500	\$ 74,500	\$ 1,208	\$ (73,292)
Investment Income	20,000	20,000	6,419	(13,581)
Total Revenues	<u>67,500</u>	<u>94,500</u>	<u>7,627</u>	<u>(86,873)</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety		6,000	7,606	(1,606)
Public Works		12,000	46,287	(34,287)
Community Development		9,000	5,733	3,267
Capital Outlay			4,382	(4,382)
Total Expenditures	<u>-</u>	<u>27,000</u>	<u>64,008</u>	<u>(37,008)</u>
Excess (Deficiency) of Revenues over Expenditures	67,500	67,500	(56,381)	(123,881)
Fund Balance, Beginning	<u>(78,565)</u>	<u>(78,565)</u>	<u>(78,565)</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (11,065)</u>	<u>\$ (11,065)</u>	<u>\$ (134,946)</u>	<u>\$ (123,881)</u>

**City of King City**  
**Statement of Changes in Fiduciary Net Assets**  
**Agency Fund**  
**Year Ended June 30, 2009**

	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at End of Year</u>
<b>ASSETS</b>				
Cash and Investments	\$ 111,271	\$	\$ 38,819	\$ 72,452
Accounts Receivable	4,062		2,119	1,943
Total Assets	<u>\$ 115,333</u>	<u>\$ -</u>	<u>\$ 40,938</u>	<u>\$ 74,395</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 7,749	\$	\$ 1,486	\$ 6,263
Deposits	107,584		39,452	68,132
Total Liabilities	<u>\$ 115,333</u>	<u>\$ -</u>	<u>\$ 40,938</u>	<u>\$ 74,395</u>

