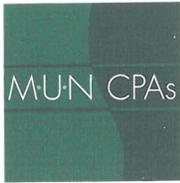

WEST PATTERSON FINANCING AUTHORITY
ANNUAL FINANCIAL REPORT
AS OF JUNE 30, 2012
WITH
INDEPENDENT AUDITOR'S REPORT
AND
SUPPLEMENTAL INFORMATION

WEST PATTERSON FINANCING AUTHORITY
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
West Patterson Financing Authority
Patterson, California

We have audited the accompanying financial statements of the governmental activities and the major funds of West Patterson Financing Authority (the "Authority") as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of West Patterson Financing Authority, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2013, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 24 - 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has elected to not provide a management's discussion and analysis in accordance with presentation requirements under accounting principles generally accepted in the United States of America. Accordingly, management's discussion and analysis has not been included in the financial statements.

Manuel A. Delgado

Sacramento, California
February 22, 2013

WEST PATTERSON FINANCING AUTHORITY
STATEMENT OF NET ASSETS
JUNE 30, 2012

ASSETS

Cash and investments (Note 3)	\$ 2,530,475
Restricted cash and investments (Note 3)	10,339,960
Assessment receivable	379,099
Interest receivable	3,064
Deferred charges, net of accumulated amortization (Note 5)	3,812,118
Capital assets (Note 4)	<u>1,652,643</u>
Total Assets	\$ <u>18,717,359</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 6,580
Interest payable	1,165,475
Current portion of bonds payable (Note 5)	<u>550,000</u>
Total Current Liabilities	<u>1,722,055</u>
Bonds payable - long-term (Note 5)	<u>71,210,000</u>
Total Liabilities	<u>72,932,055</u>
Net Assets	
Invested in capital assets, net of related debt	(55,955,279)
Restricted for debt service	<u>1,740,583</u>
Total Net Assets	<u>(54,214,696)</u>
Total Liabilities and Net Assets	\$ <u>18,717,359</u>

See accompanying notes to the financial statements.

WEST PATTERSON FINANCING AUTHORITY
STATEMENT OF ACTIVITIES
JUNE 30, 2012

		Program Revenues		
	Expenses	Charges for Services	Capital Grants and Contributions	Net Revenue/ (Expense)
Governmental activities:				
General government	\$ 7,618	\$ -	\$ -	\$ (7,618)
Interest on long-term liabilities	<u>4,848,070</u>	<u>-</u>	<u>-</u>	<u>(4,848,070)</u>
Total Governmental Activities	<u>\$ 4,855,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(4,855,688)</u>
General Revenues:				
				5,349,465
				28,152
				<u>1,679,063</u>
				<u>7,056,680</u>
				<u>(100,000)</u>
				2,100,992
				<u>(56,315,688)</u>
				<u>\$ (54,214,696)</u>

See accompanying notes to the financial statements.

WEST PATTERSON FINANCING AUTHORITY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012

<u>ASSETS</u>	<u>General Fund</u>	<u>West Patterson Business Park</u>	<u>Total Governmental Funds</u>
Cash and investments	\$ 114,548	\$ 2,415,927	\$ 2,530,475
Restricted cash and investments	10,339,960	-	10,339,960
Interest receivable	2,037	1,027	3,064
Assessment receivable	<u>379,099</u>	<u>-</u>	<u>379,099</u>
Total Assets	<u>10,835,644</u>	<u>2,416,954</u>	<u>13,252,598</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$ <u>1,627</u>	\$ <u>4,953</u>	\$ <u>6,580</u>
Fund Balances			
Restricted	10,834,017	-	10,834,017
Assigned	<u>-</u>	<u>2,412,001</u>	<u>2,412,001</u>
Total Fund Balances	<u>\$ 10,834,017</u>	<u>\$ 2,412,001</u>	<u>13,246,018</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	1,652,643
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Bonds payable	(71,760,000)
Deferred charges	3,812,118
Accrued interest payable from the current portion of interest due on long-term liabilities has not been reported in the governmental funds.	<u>(1,165,475)</u>
Net assets of governmental activities	<u>\$ (54,214,696)</u>

See accompanying notes to the financial statements.

WEST PATTERSON FINANCING AUTHORITY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>General Fund</u>	<u>West Patterson Business Park</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Taxes	\$ 5,349,465	\$ -	\$ 5,349,465
Interest income	22,423	5,729	28,152
Assessment fees	<u>-</u>	<u>1,679,063</u>	<u>1,679,063</u>
Total Revenues	<u>5,371,888</u>	<u>1,684,792</u>	<u>7,056,680</u>
<u>EXPENDITURES</u>			
General government	1,000	2,027	3,027
Debt service:			
Principal	580,000	-	580,000
Interest and fiscal charges	4,681,387	-	4,681,387
Capital outlay	<u>2,200</u>	<u>7,855</u>	<u>10,055</u>
Total Expenditures	<u>5,264,587</u>	<u>9,882</u>	<u>5,274,469</u>
Excess (deficit) of revenues over (under) expenditures	<u>107,301</u>	<u>1,674,910</u>	<u>1,782,211</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers to the City of Patterson	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
Net change in fund balances	107,301	1,574,910	1,682,211
Fund balances - July 1, 2011	<u>10,726,716</u>	<u>837,091</u>	<u>11,563,807</u>
Fund balances - June 30, 2012	<u>\$ 10,834,017</u>	<u>\$ 2,412,001</u>	<u>\$ 13,246,018</u>

See accompanying notes to the financial statements.

WEST PATTERSON FINANCING AUTHORITY
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

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

Net change in fund balances - total governmental funds	\$ 1,682,211
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Capital assets purchased	5,464
<p>The issuance of long-term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:</p>	
Bond principal payments	580,000
<p>Discounts and fees related to the issuance of long-term liabilities are expenses in the governmental funds, but increases the assets in the Statement of Net Assets:</p>	
Amortization of bond costs	(174,789)
<p>Accrued interest payable is interest due on long-term liabilities. This is the net change in accrued interest in the current period.</p>	
	<u>8,106</u>
Change in net assets of governmental activities	<u>\$ 2,100,992</u>

See accompanying notes to the financial statements.

WEST PATTERSON FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The West Patterson Financing Authority (the Authority) was formed in 2001 pursuant to a joint exercise of powers agreement between the City of Patterson and the Redevelopment Agency of the City of Patterson. The primary activity of the Authority is issuing special tax bonds on behalf of the West Patterson Financing Authority Community Facilities District No. 2001-1 (Public Improvements). The proceeds of the special tax bonds were used to finance the costs of certain engineering, design, construction and other expenses related to public infrastructure improvements.

On October 18, 2005, pursuant to Resolution No. 2005-04 of the Board of Directors of the Authority, the Authority founded its Community Facilities District No. 2005-1 (West Patterson Business Park) and authorized special tax levies therein.

B. Basis of Presentation

The Authority's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government 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.

These standards require that the financial statements described below be presented.

Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all the activities of the Authority. Eliminations have been made to minimize the double counting of internal activities. The Authority's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Authority first utilizes restricted resources to finance qualifying activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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

Fund Financial Statements

The fund financial statements provide information about the Authority's funds. The funds are accounted for by providing a separate set of self-balancing accounts that constitute their assets, liabilities, fund equity, revenues and expenditure/expenses.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund - The General Fund is the general operating fund of the Authority and is always classified as a major fund. It is used to account for all activities related to Community Facilities District No. 2001-1 except those legally or administratively required to be accounted for in other funds.

West Patterson Business Park - This fund is used to account for the special taxes levied and projects related to the Community Facilities District No. 2005-1.

WEST PATTERSON FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item "b" below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. Governmental activities utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or noncurrent) associated with the operation of these funds are reported.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Authority defines available to be within 60 days of year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds for governmental long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services. Certain indirect costs are included in program expenses reported for individual functions and activities.

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

WEST PATTERSON FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Special Taxes

The Community Facilities Districts established by the Authority are authorized to levy special taxes annually on real property located within the Community Facilities Districts. The County of Stanislaus levies, bills, and collects the special property taxes for the Authority. The County of Stanislaus remits Community Facilities District special taxes collected on the County tax roll to the Authority in three installments during the months of December, April, and July.

Tax collections of special taxes on the County tax roll are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, are levied and payable in two installments; the first is due November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Significant penalties are imposed under State law for late payment.

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

In order to collect delinquent special tax levies, the Authority may conduct foreclosure actions against the property on which the special taxes are levied. In some cases, the Authority will "strip" the delinquent special tax amount from the County ad valorem tax roll, and proceed to enforce the payment of the special taxes itself through collection efforts including possible judicial foreclosure.

E. Cash and Investments

The Authority pools the cash of all funds with the City of Patterson, except for monies deposited with a fiscal agent in accordance with a related bond fiscal agent agreement with U.S. Bank National Association. The cash and investments balance in the fund represents the fund's equity share of the City's cash and investment pool. As the Authority places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

F. Accounts and Interest Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Major receivable balances for the governmental activities include taxes and interest.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as taxes. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

WEST PATTERSON FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets

The accounting treatment over property, plant and equipment depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, capital expenditures over \$1,000 are capitalized and accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	Years
Buildings	20-40
Improvements	40
Machinery and equipment	3-6
Streets and roads	20
Curbs, gutters, sidewalks, and median curbs	20
Storm drains	75

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

H. Long-term Liabilities

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

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

WEST PATTERSON FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Equity Classifications

Government-wide Statements

Net assets are the excess of all the Authority's assets over all its liabilities, regardless of fund. Net assets are divided into three categories under GASB Statement 34. These categories apply only to net assets, which is determined at the government-wide level, and are described below:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints place on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- a. Nonspendable - Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, laws, or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- c. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- d. Assigned - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed.
- e. Unassigned - Amounts representing the residual classification for the general fund.

For further detail on fund balance, see Note 6.

J. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

WEST PATTERSON FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 2: BUDGET

A. Budgets and Budgetary Accounting

The Authority follows the City of Patterson's budgetary procedures which are as follows:

- 1) Prior to July 1, the City Manager submits to the City Council a proposed operating budget for the coming fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted to obtain taxpayers' comments.
- 3) The appropriated budget is prepared by fund, department, and division. The government department head may make transfers of appropriation within a department. Transfers of appropriations between departments requires approval of the City Manager. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.
- 4) The budget is legally adopted through the passage of a council resolution.
- 5) The City Council may amend the budget by resolution during the fiscal year. The City Manager may transfer appropriations from one program, activity, or object to another within the same fund. All appropriations lapse at the end of the fiscal year to the extent they have not been expended. Capital Project funds are based on a project time frame, rather than a fiscal year "operating" time frame reappropriating unused appropriations from year to year until project completion.
- 6) A budget review is presented to the City Council by the City Manager mid-year and approved additions or changes are legally adopted through Council resolution.
- 7) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and the Capital Project Funds.
- 8) Budgets for the General, Special Revenue, and Capital Project Funds are adopted on a basis consistent with United States generally accepted accounting principles.

NOTE 3: CASH AND INVESTMENTS

The Authority follows the City of Patterson's practice of pooling cash and investments except for cash and investments required to be held by outside fiscal agents under the provisions of bond indentures.

Cash and investments as of June 30, 2012 were classified in the accompanying financial statements as follows:

	Unrestricted	Restricted	Total
Governmental activities	\$ <u>2,530,475</u>	\$ <u>10,339,960</u>	\$ <u>12,870,435</u>

Cash and investments were carried at fair value as of June 30, 2012 and consisted of the following:

	Amount
Deposits with financial institutions	\$ 2,530,475
Cash with fiscal agent	<u>10,339,960</u>
Total cash and investments	<u>\$ 12,870,435</u>

WEST PATTERSON FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3: CASH AND INVESTMENTS (continued)

Authorized Investments of the Authority

The Authority follows the City's investment policy with respect to any investment of funds; except that funds held by the fiscal agent are invested as permitted under the fiscal agent agreement for the Community Facilities District. The table below identifies the investment types that are authorized by the City's investment policy. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Authority, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Certificates of Deposit	2 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Money market Funds	N/A	None	None
Annuities	N/A	None	None
Mutual Funds	N/A	5%	None
Corporate Notes (Minimum rating of "AAA")	5 years	5%	None

Investments Authorized by Debt Agreements

Investment of debt issuances held by the fiscal agent are governed by provisions of the fiscal agent agreement, 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 by the fiscal agent. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Repurchase Agreements secured by federal securities	30 days	None	None
Investment Agreements and Contracts	None	None	None
Money Market Funds in the highest rating category by S&P or Moody's	N/A	None	None
Certificates of Deposit	None	None	None
Commercial Paper rated "A-1" or better	None	None	None
Local Agency Investment Fund (LAIF)	None	None	None

WEST PATTERSON FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3: CASH AND INVESTMENTS (continued)

Disclosure Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the Authority's investments to market rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity as of June 30, 2012:

	Remaining Maturity		
	12 months or less	1-5 years	Fair Value
Held by fiscal agent:			
Money market funds	\$ <u>10,339,960</u>	\$ -	\$ <u>10,339,960</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The Authority had no investments that were highly sensitive to interest rate fluctuations as of June 30, 2012.

Disclosures Relating to Credit Risk

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

	Total	Minimum Legal Rating	Rating as of Fiscal Year End		
			S&P	Moody's	N/A
Held by fiscal agent:					
Money Market Funds	\$ <u>10,339,960</u>	N/A	AAAm	Aaa	

Concentration of Credit Risk

The Authority complies with the limitations on the amount that can be invested in any one issuer as stipulated by the California Government Code. The Authority held no investments in any one issuer (other than U.S. Treasury securities, external investment pools and mutual funds) that represented 5% or more of total Authority investments as of June 30, 2012.

WEST PATTERSON FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3: CASH AND INVESTMENTS (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The 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's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. See the City of Patterson annual financial report for information regarding the Authority's pooled cash with the City and credit risk.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2012</u>
Governmental Activities				
Capital assets not being depreciated				
Construction in progress	\$ <u>1,647,179</u>	\$ <u>5,464</u>	\$ <u>-</u>	\$ <u>1,652,643</u>

NOTE 5: LONG-TERM LIABILITIES

The following is a summary of debt transactions of the Authority for the year ended June 30, 2012. The Authority issued each of the respective bonds and notes for and on behalf of CFD 2001-1.

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2012</u>	<u>Due within one year</u>
Governmental Activities					
Series 2002-A	\$ 3,010,000	\$ -	\$ (80,000)	\$ 2,930,000	\$ 70,000
Series 2003-A	9,780,000	-	(225,000)	9,555,000	170,000
Series 2003-B	15,035,000	-	(25,000)	15,010,000	40,000
Series 2004-A	19,035,000	-	(85,000)	18,950,000	105,000
Series 2004-B	19,650,000	-	(145,000)	19,505,000	165,000
Series 2009-A	2,615,000	-	-	2,615,000	-
Series 2009-B	<u>3,215,000</u>	<u>-</u>	<u>(20,000)</u>	<u>3,195,000</u>	<u>-</u>
Total Governmental Long-Term Liabilities	<u>\$ 72,340,000</u>	<u>\$ -</u>	<u>\$ (580,000)</u>	<u>\$ 71,760,000</u>	<u>\$ 550,000</u>

WEST PATTERSON FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 5: LONG-TERM LIABILITIES (continued)

Governmental activities future debt obligations at June 30, 2012 consisted of the following:

Special Tax Bonds, Series 2002-A

On January 30, 2002, the Authority issued \$3,865,000 of special tax bonds (Series 2002-A) to (1) finance the costs of certain design and engineering services, public improvement construction and other expenses related to the acquisition and/or construction of certain public infrastructure improvements required for development of the property located within and adjacent to the Community Facilities District; (2) to fund capitalized interest on the bonds in an amount sufficient to pay interest through the date which is two years after delivery of the bonds; (3) to fund the reserve fund in the amount of the initial reserve requirement; and (4) to pay costs of issuance of the bonds and expenses of formation and administration of the Community Facilities District. Interest on the bonds is payable semi-annually on September 1 and March 1 of each year through September 1, 2035, beginning on September 1, 2002. Interest rates on the bonds vary from 4.25 - 6.75 percent. Annual principal payments are due on September 1. The bonds are secured by a first pledge of the Special Tax Revenues levied in CFD 2001-1 received by the Authority. The outstanding balance of the Series 2002-A bonds at June 30, 2012 was \$2,930,000.

Special Tax Bonds, Series 2003-A

On February 6, 2003, the Authority issued \$11,100,000 of special tax bonds (Series 2003-A) to (1) finance the costs of public infrastructure improvements and school facilities in connection with development of property located within and adjacent to the Community Facilities District; (2) to fund capitalized interest on the bonds through September 1, 2004; (3) to increase the amount on deposit in a reserve fund for the bonds and the Series 2002-A bonds to the amount of the reserve requirement; and (4) to pay costs of issuance of the bonds. Interest on the bonds is payable semi-annually on September 1 and March 1 of each year through September 1, 2036, beginning on September 1, 2003. Interest rates on the bonds vary from 3.25 - 6.35 percent. Annual principal payments are due on September 1. The bonds are secured, on a parity with the 2002-A bonds, by a first pledge of the Special Tax Revenues levied in CFD 2001-1 received by the Authority. The outstanding balance of the Series 2003-A bonds at June 30, 2012 was \$9,555,000.

Special Tax Bonds, Series 2003-B

On September 16, 2003, the Authority issued \$15,040,000 of special tax bonds (Series 2003-B) to (1) finance the costs of public infrastructure improvements and school facilities in connection with development of property located within and adjacent to the Community Facilities District; (2) to fund capitalized interest on the bonds through September 1, 2005; (3) to increase the amount on deposit in a reserve fund for the Series 2003-B, Series 2003-A, and 2002-A bonds to the amount of the reserve requirement; and (4) to pay costs of issuance of the bonds. Interest on the bonds is payable semi-annually on September 1 and March 1 of each year through September 1, 2038, beginning on March 1, 2004. Interest rates on the bonds vary from 5.00 - 7.00 percent. Annual principal payments are due on September 1. The bonds are secured, on a parity with the Series 2002-A and Series 2003-A bonds, by a first pledge of the Special Tax Revenues levied in CFD 2001-1 received by the Authority. The outstanding balance of the Series 2003-B bonds at June 30, 2012 was \$15,010,000.

Special Tax Bonds, Series 2004-A

On March 9, 2004, the Authority issued \$19,100,000 of special tax bonds (Series 2004-A) to (1) finance the costs of public infrastructure improvements and school facilities in connection with development of property located within and adjacent to the Community Facilities District; (2) to fund capitalized interest on the bonds through September 1, 2005; (3) to increase the amount on deposit in a reserve fund for the bonds and the Series 2003-B, Series 2003-A, and Series 2002-A bonds to the amount of the reserve requirement; and (4) to pay costs of issuance of the bonds. Interest on the bonds is payable semi-annually on September 1 and March 1 of each year through September 1, 2039, beginning on September 1, 2004. Interest rates on the bonds vary from 4.25 - 6.125 percent. Annual principal payments are due on September 1. The bonds are secured, on a parity with the Series 2002-A, Series 2003-A, and the Series 2003-B bonds, by a first pledge of the Special Tax Revenues levied in CFD 2001-1 received by the Authority. The outstanding balance of the Series 2004-A bonds at June 30, 2012 was \$18,950,000.

WEST PATTERSON FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 5: LONG-TERM LIABILITIES (continued)

Special Tax Bonds, Series 2004-B

On October 20, 2004, the Authority issued \$19,890,000 of special tax bonds (Series 2004-B) to (1) finance the costs of public infrastructure improvements in connection with development of property located within and adjacent to the Community Facilities District; (2) to fund capitalized interest on the bonds through September 1, 2005; (3) to increase the amount on deposit in a reserve fund for the bonds and the Series 2002-A, Series 2003-A, Series 2003-B, and Series 2004-A bonds to the amount of the reserve requirement; and (4) to pay costs of issuance of the bonds. Interest on the bonds is payable semi-annually on September 1 and March 1 of each year through September 1, 2039, beginning on September 1, 2005. Interest rates on the bonds vary from 4.25 - 6.00 percent. Annual principal payments are due on September 1. The bonds are secured, on a parity with the Series 2002-A, Series 2003-A, Series 2003-B, and the Series 2004-A bonds, by a first pledge of the Special Tax Revenues levied in CFD 2001-1 received by the Authority. The outstanding balance of the Series 2004-B bonds at June 30, 2012 was \$19,505,000.

Special Tax Refunding Bonds, Series 2009-A

On July 28, 2009, the Authority issued \$2,615,000 of special tax refunding bonds (Series 2009-A) to (1) repay, in part, the principal of the Authority's Bond Anticipation Notes, Series 2007-A; (2) to pay a portion of the interest on the Series 2009-A bonds for a limited period of time; and (3) to pay a portion of the costs of issuance of the Series 2009-A bonds and the subordinate bonds (see below). Interest on the bonds is payable semi-annually on March 1 and September 1 of each year through September 1, 2039, beginning on September 1, 2009. The interest rates on the bonds is 8.625 percent. Principal payments are due annually beginning on September 1, 2033. The notes are secured by a first pledge of the special tax revenues and funds on deposit in the Bond Fund, Reserve Fund, and Special Tax Fund. The outstanding balance of the Series 2009-A bonds at June 30, 2012 was \$2,615,000.

Subordinate Special Tax Refunding Bonds, Series 2009-B

On July 28, 2009, the Authority issued \$3,240,000 of subordinate special tax refunding bonds (Series 2009-B) to (1) repay, in part, the principal of the Authority's Bond Anticipation Notes, Series 2007-A; (2) to pay a portion of the interest on the Series 2009-B bonds for a limited period of time; and (3) to pay a portion of the costs of issuance of the Series 2009-B bonds and the Series 2009-A bonds. Interest on the bonds is payable semi-annually on March 1 and September 1 of each year through September 1, 2032, beginning on September 1, 2009. The interest rates on the bonds is 10.00 percent. Principal payments are due annually beginning on September 1, 2017. The notes are secured by a first pledge of the special tax revenues and funds on deposit in the Bond Fund, Reserve Fund, and Special Tax Fund. The outstanding balance of the Series 2009-B bonds at June 30, 2012 was \$3,195,000.

Deferred Charges

Capitalized bond costs related to the above issuances have been recorded as deferred charges, net of accumulated amortization in the amount of \$3,812,118 in the government-wide financial statements. The balance is amortized using the straight line method over the bond terms. Amortization expense for bond costs for the year ended June 30, 2012 was \$174,786.

WEST PATTERSON FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 5: LONG-TERM LIABILITIES (continued)

Governmental Activities Long-Term Liabilities Amortization:

Series 2002-A Special Tax Bonds			
Years Ended June 30,	Principal	Interest	Total
2013	\$ 70,000	\$ 190,626	\$ 260,626
2014	70,000	186,451	256,451
2015	75,000	182,073	257,073
2016	80,000	177,341	257,341
2017	80,000	172,428	252,428
2018 - 2022	505,000	773,643	1,278,643
2023 - 2027	690,000	579,131	1,269,131
2028 - 2032	955,000	304,831	1,259,831
2033 - 2036	<u>405,000</u>	<u>36,913</u>	<u>441,913</u>
Totals	\$ <u>2,930,000</u>	\$ <u>2,603,437</u>	\$ <u>5,533,437</u>

Series 2003-A Special Tax Bonds			
Years Ended June 30,	Principal	Interest	Total
2013	\$ 170,000	\$ 618,184	\$ 788,184
2014	185,000	607,890	792,890
2015	195,000	596,742	791,742
2016	210,000	584,721	794,721
2017	225,000	571,637	796,637
2018 - 2022	1,400,000	2,616,175	4,016,175
2023 - 2027	2,060,000	2,056,381	4,116,381
2028 - 2032	2,970,000	1,235,010	4,205,010
2033 - 2037	<u>2,140,000</u>	<u>250,666</u>	<u>2,390,666</u>
Totals	\$ <u>9,555,000</u>	\$ <u>9,137,406</u>	\$ <u>18,692,406</u>

Series 2003-B Special Tax Bonds			
Years Ended June 30,	Principal	Interest	Total
2013	\$ 40,000	\$ 1,018,752	\$ 1,058,752
2014	60,000	1,014,375	1,074,375
2015	80,000	1,010,555	1,090,555
2016	105,000	1,005,415	1,110,415
2017	125,000	998,881	1,123,881
2018 - 2022	1,055,000	4,837,119	5,892,119
2023 - 2027	1,985,000	4,369,875	6,354,875
2028 - 2032	3,345,000	3,492,650	6,837,650
2033 - 2037	5,340,000	2,007,250	7,347,250
2038 - 2039	<u>2,875,000</u>	<u>205,628</u>	<u>3,080,628</u>
Totals	\$ <u>15,010,000</u>	\$ <u>19,960,500</u>	\$ <u>34,970,500</u>

WEST PATTERSON FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 5: LONG-TERM LIABILITIES (continued)

Series 2004-A Special Tax Bonds			
Years Ended June 30,	Principal	Interest	Total
2013	\$ 105,000	\$ 1,139,671	\$ 1,244,671
2014	130,000	1,133,928	1,263,928
2015	155,000	1,126,802	1,281,802
2016	180,000	1,118,203	1,298,203
2017	210,000	1,107,965	1,317,965
2018 - 2022	1,530,000	5,319,335	6,849,335
2023 - 2027	2,325,000	4,752,503	7,077,503
2028 - 2032	2,455,000	3,996,750	6,451,750
2033 - 2037	4,610,000	3,086,939	7,696,939
2038 - 2039	<u>7,250,000</u>	<u>780,324</u>	<u>8,030,324</u>
Totals	\$ <u>18,950,000</u>	\$ <u>23,562,420</u>	\$ <u>42,512,420</u>

Series 2004-B Special Tax Bonds			
Years Ended June 30,	Principal	Interest	Total
2013	\$ 165,000	\$ 1,136,923	\$ 1,301,923
2014	185,000	1,128,559	1,313,559
2015	210,000	1,118,822	1,328,822
2016	230,000	1,107,823	1,337,823
2017	255,000	1,095,570	1,350,570
2018 - 2022	1,715,000	5,233,168	6,948,168
2023 - 2027	2,645,000	4,629,805	7,274,805
2028 - 2032	3,925,000	3,674,815	7,599,815
2033 - 2037	5,680,000	2,249,400	7,929,400
2038 - 2042	<u>4,495,000</u>	<u>417,150</u>	<u>4,912,150</u>
Totals	\$ <u>19,505,000</u>	\$ <u>21,792,035</u>	\$ <u>41,297,035</u>

Series 2009-A Special Tax Refunding Bonds			
Years Ended June 30,	Principal	Interest	Total
2013	\$ -	\$ 225,544	\$ 225,544
2014	-	225,544	225,544
2015	-	225,544	225,544
2016	-	225,544	225,544
2017	-	225,544	225,544
2018 - 2022	-	1,127,718	1,127,718
2023 - 2027	-	1,127,718	1,127,718
2028 - 2032	-	1,127,718	1,127,718
2032 - 2036	1,310,000	913,388	2,223,388
2037 - 2041	<u>1,305,000</u>	<u>174,872</u>	<u>1,479,872</u>
Totals	\$ <u>2,615,000</u>	\$ <u>5,599,134</u>	\$ <u>8,214,134</u>

WEST PATTERSON FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 5: LONG-TERM LIABILITIES (continued)

Series 2009-B Subordinate Special Tax Refunding Bonds			
Years Ended June 30,	Principal	Interest	Total
2013	\$ -	\$ 319,500	\$ 319,500
2014	-	319,500	319,500
2015	-	319,500	319,500
2016	-	319,500	319,500
2017	-	319,500	319,500
2018 - 2022	370,000	1,519,500	1,889,500
2023 - 2027	830,000	1,229,000	2,059,000
2028 - 2032	1,560,000	643,500	2,203,500
2033 - 2037	<u>435,000</u>	<u>21,750</u>	<u>456,750</u>
Totals	\$ <u>3,195,000</u>	\$ <u>5,011,250</u>	\$ <u>8,206,250</u>

Total Governmental Activities Long-Term Liabilities			
Years Ended June 30,	Principal	Interest	Total
2013	\$ 550,000	\$ 4,649,200	\$ 5,199,200
2014	630,000	4,616,247	5,246,247
2015	715,000	4,580,038	5,295,038
2016	805,000	4,538,547	5,343,547
2017	895,000	4,491,525	5,386,525
2018 - 2022	6,575,000	21,426,658	28,001,658
2023 - 2027	10,535,000	18,744,413	29,279,413
2028 - 2032	15,210,000	14,475,274	29,685,274
2033 - 2037	19,920,000	8,566,306	28,486,306
2038 - 2042	<u>15,925,000</u>	<u>1,577,974</u>	<u>17,502,974</u>
Totals	\$ <u>71,760,000</u>	\$ <u>87,666,182</u>	\$ <u>159,426,182</u>

WEST PATTERSON FINANCING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 6: FUND BALANCE

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. As the members of the City Council also sit as the members of the Board of Directors for the Authority, the policy also applies to the Authority. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

The Authority established the following fund balance policies:

Committed Fund Balance: The City Council, as the City's highest level of decision making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action to establish the commitment.

Assigned Fund Balance: The City Council delegates authority to the City Manager and Finance Director for the purposes of reporting these amounts in the annual financial statements. Examples of assigned fund balance include continuing appropriations, debt service obligations, and budget balancing measures.

The accounting policies of the City consider restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts, and unassigned amounts.

As of June 30, 2012, fund balances were comprised of:

	<u>General Fund</u>	<u>West Patterson Business Park</u>	<u>Total</u>
Restricted:			
Capital projects	\$ 178,431	\$ -	\$ 178,431
Debt service	10,655,586	-	10,655,586
Total Restricted	10,834,017	-	10,834,017
Assigned:			
Capital projects	-	2,412,001	2,412,001
Total Fund Balance	\$ 10,834,017	\$ 2,412,001	\$ 13,246,018

NOTE 7: TRANSFERS TO THE CITY OF PATTERSON

During the year ended June 30, 2012, \$100,000 was transferred to the City of Patterson for various capital projects.

REQUIRED SUPPLEMENTARY INFORMATION

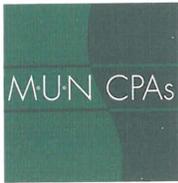
WEST PATTERSON FINANCING AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
GENERAL FUND
JUNE 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>REVENUES</u>				
Taxes	\$ 5,314,613	\$ 5,314,613	\$ 5,349,465	\$ 34,852
Interest income	<u>16,810</u>	<u>16,810</u>	<u>22,423</u>	<u>5,613</u>
Total Revenues	<u>5,331,423</u>	<u>5,331,423</u>	<u>5,371,888</u>	<u>40,465</u>
<u>EXPENDITURES</u>				
General government	250	250	1,000	(750)
Debt service:				
Principal	485,000	485,000	580,000	(95,000)
Interest and fiscal charges	4,689,625	4,689,625	4,681,387	8,238
Capital outlay	<u>272,266</u>	<u>272,266</u>	<u>2,200</u>	<u>270,066</u>
Total Expenditures	<u>5,447,141</u>	<u>5,447,141</u>	<u>5,264,587</u>	<u>182,554</u>
Excess (deficit) of revenues over (under) expenditures	<u>(115,718)</u>	<u>(115,718)</u>	<u>107,301</u>	<u>223,019</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Net change in fund balance	\$ <u>(115,718)</u>	\$ <u>(115,718)</u>	<u>107,301</u>	\$ <u>223,019</u>
Fund Balance - July 1, 2011			<u>10,726,716</u>	
Fund Balance - June 30, 2012			\$ <u>10,834,017</u>	

WEST PATTERSON FINANCING AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
WEST PATTERSON BUSINESS PARK
JUNE 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>REVENUES</u>				
Interest income	\$ 9,512	\$ 9,512	\$ 5,729	\$ (3,783)
Miscellaneous revenues	<u>285,887</u>	<u>285,887</u>	<u>1,679,063</u>	<u>1,393,176</u>
Total Revenues	<u>295,399</u>	<u>295,399</u>	<u>1,684,792</u>	<u>1,389,393</u>
<u>EXPENDITURES</u>				
General government	-	-	2,027	(2,027)
Capital outlay	<u>-</u>	<u>-</u>	<u>7,855</u>	<u>(7,855)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>9,882</u>	<u>(9,882)</u>
Excess (deficit) of revenues over (under) expenditures	<u>295,399</u>	<u>295,399</u>	<u>1,674,910</u>	<u>1,379,511</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers to the City of Patterson	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ 195,399</u>	<u>\$ 195,399</u>	<u>1,574,910</u>	<u>\$ 1,379,511</u>
Fund Balance - July 1, 2011			<u>837,091</u>	
Fund Balance - June 30, 2012			<u>\$ 2,412,001</u>	

OTHER REPORTS



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Members of the Board of Directors
West Patterson Financing Authority
Patterson, California

We have audited the accompanying basic financial statements of the governmental activities and the major funds of the West Patterson Financing Authority (the Authority) as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents and have issued our report thereon dated January 6, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the West Patterson Financing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the West Patterson Financing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the West Patterson Financing Authority's internal control over financial reporting.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect, and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mann Urrutia Nelson CPAs

Sacramento, California
February 22, 2013

WEST PATTERSON FINANCING AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2012

There are no findings to report for the fiscal year ended June 30, 2012.

WEST PATTERSON FINANCING AUTHORITY
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2012

There were no findings reported for the fiscal year ended June 30, 2011.