

**CITY OF ARVIN**  
**ANNUAL FINANCIAL REPORT**  
**For The Fiscal Year Ended June 30, 2011**

**CITY OF ARVIN**  
**ANNUAL FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2011**

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Arvin, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Arvin, California (City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Arvin, California's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2011, 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.

As described further in note 1 to the financial statements, the accompanying financial statements reflect certain changes in the reporting of fund types and fund balance classifications for governmental funds due to the implementation of GASB Statement No. 54.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

### Southern California Locations

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The budgetary comparison information and other required supplementary information on pages 37 through 56 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 a Management's Discussion and Analysis that accounting principles generally accepted in the United States has 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 of Arvin's basic financial statements. The combining nonmajor fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Mayer Hoffman McCann P.C.*

Bakersfield, California  
October 28, 2011

## **BASIC FINANCIAL STATEMENTS**

**CITY OF ARVIN  
STATEMENT OF NET ASSETS  
JUNE 30, 2011**

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 379,552	\$ 430,457	\$ 810,009
Investments	1,626,076	501,502	2,127,578
Receivables (net of allowance for uncollectibles):			
Accounts	1,006,503	543,686	1,550,189
Taxes	20,153	-	20,153
Internal balances	452,332	(452,332)	-
Land held for development	3,752,867	-	3,752,867
Bond issuance cost, net	147,166	-	147,166
Restricted assets:			
Restricted cash and cash equivalents	1,597,425	640,049	2,237,474
Capital assets			
Non-depreciable	2,808,736	906,245	3,714,981
Depreciable, net of accumulated depreciation	8,435,754	7,507,771	15,943,525
<b>Total assets</b>	<b>20,226,564</b>	<b>10,077,378</b>	<b>30,303,942</b>
<b>LIABILITIES</b>			
Accounts payable	616,358	119,069	735,427
Accrued interest payable	167,729	-	167,729
Accrued payroll and benefits	394,347	16,730	411,077
Unearned revenues	117,967	-	117,967
Due in one year or less	142,788	109,260	252,048
Due in more than one year	8,967,332	4,939,083	13,906,415
<b>Total liabilities</b>	<b>10,406,521</b>	<b>5,184,142</b>	<b>15,590,663</b>
<b>NET ASSETS</b>			
Invested in capital assets, net related debt	11,244,490	3,365,673	14,610,163
Restricted for:			
Low and moderate income housing	919,487	-	919,487
Land held for development	3,752,867	-	3,752,867
Other purposes	394,904	-	394,904
Unassigned:	(6,491,705)	1,527,563	(4,964,142)
<b>Total net assets</b>	<b>\$ 9,820,043</b>	<b>\$ 4,893,236</b>	<b>\$ 14,713,279</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF ARVIN  
STATEMENT OF ACTIVITIES  
JUNE 30, 2011**

<b>Functions/Programs</b>	Program Revenues			Net (Expense) Revenue and Change in Net Assets			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary government							
Governmental activities:							
General administration	\$ 2,868,378	\$ 774,276	\$ 76,500	\$ 503,155	\$ (1,514,447)	\$ -	\$ (1,514,447)
Public safety	2,543,361	51,098	652,333	-	(1,839,930)	-	(1,839,930)
Public works	1,145,818	-	74,566	292,987	(778,265)	-	(778,265)
Community development	282,879	-	134,500	-	(148,379)	-	(148,379)
Transit	-	-	18,277	586,718	604,995	-	604,995
Interest on long-term debt	563,144	-	-	-	(563,144)	-	(563,144)
Total governmental activities	<u>7,403,580</u>	<u>825,374</u>	<u>956,176</u>	<u>1,382,860</u>	<u>(4,239,170)</u>	<u>-</u>	<u>(4,239,170)</u>
Business-type activities:							
Sanitation	1,997,999	2,300,930	-	-	-	302,931	302,931
Transportation Development	539,933	53,520	469,128	-	-	(17,285)	(17,285)
Total business-type activities	<u>2,537,932</u>	<u>2,354,450</u>	<u>469,128</u>	<u>-</u>	<u>-</u>	<u>285,646</u>	<u>285,646</u>
Total primary government	<u>\$ 9,941,512</u>	<u>\$ 3,179,824</u>	<u>\$ 1,425,304</u>	<u>\$ 1,382,860</u>	<u>\$ (4,239,170)</u>	<u>\$ 285,646</u>	<u>\$ (3,953,524)</u>
General revenues							
Taxes					2,691,296	-	2,691,296
Licenses and permits					1,682,362	-	1,682,362
Fines and penalties					15,588	-	15,588
Revenue from use of money and property					100,601	18	100,619
Fees and other revenues					914,455	13,000	927,455
Gain (loss) on sale of capital assets					215,672	(18,313)	197,359
Transfers in (out)					(401,293)	401,293	-
Special item - Disallowed claims reimbursements					(562,149)	-	(562,149)
Total general revenues, special items, and transfers					<u>4,656,532</u>	<u>395,998</u>	<u>5,052,530</u>
Change in net assets					417,362	681,644	1,099,006
Net assets - July 1, 2010					<u>9,402,681</u>	<u>4,211,592</u>	<u>13,614,273</u>
Net assets - June 30, 2011					<u>\$ 9,820,043</u>	<u>\$ 4,893,236</u>	<u>\$ 14,713,279</u>

The notes to the financial statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

**CITY OF ARVIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	General	Redevelopment Agency	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and investments				
Unrestricted	\$ -	\$ 133,111	\$ 246,441	\$ 379,552
Restricted	-	1,597,425	-	1,597,425
Investment with fiscal agent	1,626,076	-	-	1,626,076
Receivables				
Accounts	373,053	-	633,450	1,006,503
Taxes	-	20,153	-	20,153
Land held for development	3,752,867	-	-	3,752,867
Due from other funds	573,399	18,000	1,542,918	2,134,317
Advances to other funds	835,925	-	-	835,925
Total assets	<u>\$ 7,161,320</u>	<u>\$ 1,768,689</u>	<u>\$ 2,422,809</u>	<u>\$11,352,818</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 346,896	\$ 12,423	\$ 257,039	\$ 616,358
Accrued payroll and benefits	339,904	16,816	37,627	394,347
Advances from other funds	-	835,925	-	835,925
Due to other funds	18,000	35,205	1,628,780	1,681,985
Unearned revenue	13,508	-	104,459	117,967
Total liabilities	<u>718,308</u>	<u>900,369</u>	<u>2,027,905</u>	<u>3,646,582</u>
Fund balances:				
Nonspendable:				
Advances	835,925	-	-	835,925
Restricted for:				
Debt service	-	1,597,425	-	1,597,425
Street projects	-	-	519,759	519,759
Maintenance expenditures	-	-	47,691	47,691
Traffic signals and cameras	-	-	460,510	460,510
Traffic flow improvements	-	-	320,654	320,654
Park improvements	-	-	94,137	94,137
Parks and water	-	-	262,915	262,915
Land held for development	3,752,867	-	-	3,752,867
Other purposes	-	-	12,164	12,164
Unassigned:	1,854,220	(729,105)	(1,322,926)	(197,811)
Total fund balances	<u>6,443,012</u>	<u>868,320</u>	<u>394,904</u>	<u>7,706,236</u>
Total liabilities and fund balances	<u>\$ 7,161,320</u>	<u>\$ 1,768,689</u>	<u>\$ 2,422,809</u>	<u>\$11,352,818</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ARVIN  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2011**

Fund balances of governmental funds	\$ 7,706,236
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.	11,244,490
Long-term debt, compensated absences and claims payable from the General long-term Debt Account Group that have not been included in the governmental fund activity:	(9,110,120)
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(167,729)
Unamortized issuance costs on revenue bonds payable has not been reported in the governmental funds.	<u>147,166</u>
Net assets of governmental activities	<u><u>\$ 9,820,043</u></u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ARVIN  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	General	Redevelopment Agency	Other Governmental Funds	Total Governmental
<b>REVENUES</b>				
Taxes	\$ 1,595,875	\$ 670,055	\$ 425,366	\$ 2,691,296
Licenses and permits	1,682,362	-	-	1,682,362
Fines and penalties	15,588	-	-	15,588
Revenue from use of money and property	371,473	22,530	-	394,003
Charges for services	825,374	-	-	825,374
Intergovernmental revenues	81,660	226,698	2,030,678	2,339,036
Fees and other revenues	288,387	12,589	613,479	914,455
<b>Total revenues</b>	<b>4,860,719</b>	<b>931,872</b>	<b>3,069,523</b>	<b>8,862,114</b>
<b>EXPENDITURES</b>				
Current:				
General government	1,246,222	1,472,594	70,149	2,788,965
Public safety	2,199,901	-	230,761	2,430,662
Public works	494,391	-	448,744	943,135
Planning/community development	270,175	-	-	270,175
Capital outlay:				
Public works	16,415	509,579	2,012,251	2,538,245
Public safety	26,260	-	-	26,260
Debt service:				
Principal	-	150,000	-	150,000
Interest	-	547,419	-	547,419
<b>Total expenditures</b>	<b>4,253,364</b>	<b>2,679,592</b>	<b>2,761,905</b>	<b>9,694,861</b>
Excess (deficiency) of revenues over expenditures	607,355	(1,747,720)	307,618	(832,747)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,752,867	-	336,407	4,089,274
Transfers out	-	(3,814,867)	(675,700)	(4,490,567)
<b>Total other financing sources and uses</b>	<b>3,752,867</b>	<b>(3,814,867)</b>	<b>(339,293)</b>	<b>(401,293)</b>
<b>SPECIAL ITEM</b>				
Disallowed claims reimbursements	-	-	(562,149)	(562,149)
Net change in fund balances	4,360,222	(5,562,587)	(593,824)	(1,796,189)
Fund balances - beginning	2,082,790	6,430,907	988,728	9,502,425
Fund balances - ending	<u>\$ 6,443,012</u>	<u>\$ 868,320</u>	<u>\$ 394,904</u>	<u>\$ 7,706,236</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ARVIN  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

Amounts Reported for governmental activities in the statement of activities are different because of the items described below:

Net changes in fund balances - total governmental funds	\$ (1,796,189)
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 as depreciation expense.	2,564,505
Depreciation expense on capital assets is reported in the government-wide statement and changes in net assets, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure on the fund statements.	(444,631)
Compensated absences reported in the statement of activities that do not require the use of current financial resources are not reported on the fund statements, but are reported as an expense in the government-wide statements.	37,132
Repayment of long-term principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net assets.	150,000
Accrued interest payable is not reported in the governmental funds.	2,177
Amortization expense on bond issuance costs is reported in the government-wide statement of changes in net assets, but it does not require the use of current financial resources. Therefore, amortization expense is not reported as an expenditure on the fund statements.	(17,902)
In the statement of activities, only the gain (loss) on the sale of the land is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the land sold.	<u>(77,730)</u>
Change in net assets of governmental activities	<u><u>\$ 417,362</u></u>

The notes to the financial statements are an integral part of this statement.

## **PROPRIETARY FUNDS**

**CITY OF ARVIN  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2011**

	Transportation Development	Sanitation	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 28,390	\$ 402,067	\$ 430,457
Investments	-	501,502	501,502
Receivables (net of allowances)	543,686	-	543,686
Total current assets	<u>572,076</u>	<u>903,569</u>	<u>1,475,645</u>
Restricted Assets:			
Restricted cash, cash equivalents and investment	-	640,049	640,049
Capital assets:			
Land	-	906,245	906,245
General property and equipment	212,036	10,022,755	10,234,791
Vehicles	1,014,252	-	1,014,252
Less accumulated depreciation	<u>(751,744)</u>	<u>(2,989,528)</u>	<u>(3,741,272)</u>
Total capital assets (net of accumulated depreciation)	<u>474,544</u>	<u>7,939,472</u>	<u>8,414,016</u>
Total noncurrent assets	<u>474,544</u>	<u>8,579,521</u>	<u>9,054,065</u>
Total assets	<u>1,046,620</u>	<u>9,483,090</u>	<u>10,529,710</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	10,863	108,206	119,069
Accrued payroll and benefits	15,984	746	16,730
Due to other funds	452,332	-	452,332
Due in one year or less	-	109,260	109,260
Total current liabilities	<u>479,179</u>	<u>218,212</u>	<u>697,391</u>
Non-current liabilities:			
Due in more than one year	-	4,939,083	4,939,083
Total non-current liabilities	<u>-</u>	<u>4,939,083</u>	<u>4,939,083</u>
Total liabilities	<u>479,179</u>	<u>5,157,295</u>	<u>5,636,474</u>
<b>NET ASSETS</b>			
Invested in capital assets, net related debt	474,544	2,891,129	3,365,673
Unrestricted	<u>92,897</u>	<u>1,434,666</u>	<u>1,527,563</u>
Total net assets	<u>\$ 567,441</u>	<u>\$ 4,325,795</u>	<u>\$ 4,893,236</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ARVIN  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR YEAR ENDED JUNE 30, 2011**

	Transportation Development	Sanitation	Total
Operating revenues:			
Charges for service	\$ 53,520	\$ 2,300,930	\$ 2,354,450
Fees and other revenues	-	13,000	13,000
Total operating revenues	<u>53,520</u>	<u>2,313,930</u>	<u>2,367,450</u>
Operating Expenses:			
Salaries and benefits	309,275	50,216	359,491
Vehicle operations	41,019	-	41,019
Sanitation operations	-	1,295,053	1,295,053
Depreciation expense	63,018	240,272	303,290
General and administrative expense	126,621	129,843	256,464
Total operating expenses	<u>539,933</u>	<u>1,715,384</u>	<u>2,255,317</u>
Operating income (loss)	<u>(486,413)</u>	<u>598,546</u>	<u>112,133</u>
Nonoperating revenues (expenses):			
Intergovernmental	469,128	-	469,128
Interest income	-	18	18
Interest expense	-	(282,615)	(282,615)
Loss on sale of capital assets	(18,313)	-	(18,313)
Total nonoperating revenue (expenses)	<u>450,815</u>	<u>(282,597)</u>	<u>168,218</u>
Income before transfers	<u>(35,598)</u>	<u>315,949</u>	<u>280,351</u>
Transfers in	<u>401,293</u>	<u>-</u>	<u>401,293</u>
Change in net assets	<u>365,695</u>	<u>315,949</u>	<u>681,644</u>
Total net assets, beginning	<u>201,746</u>	<u>4,009,846</u>	<u>4,211,592</u>
Total net assets, ending	<u><u>\$ 567,441</u></u>	<u><u>\$ 4,325,795</u></u>	<u><u>\$ 4,893,236</u></u>

The notes to the financial statements are an integral part of this statement.

**CITY OF ARVIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR YEAR ENDED JUNE 30, 2011**

	<u>Transportation</u>	<u>Sanitation</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ (449,768)	\$ 2,313,930	\$ 1,864,162
Payments to employees	(309,133)	(50,203)	(359,336)
Maintenance and operations	288,829	(1,458,548)	(1,169,719)
Net cash provided by (used in) operating activities	<u>(470,072)</u>	<u>805,179</u>	<u>335,107</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Transfer in	401,293	-	401,293
Intergovernmental revenue	469,128	-	469,128
Net cash provided by noncapital and related financing activities	<u>870,421</u>	<u>-</u>	<u>870,421</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest expense (net of discount amortization)	-	(282,615)	(282,615)
Payments on long-term debt	-	(103,390)	(103,390)
Net cash used in capital and related financing activities	<u>-</u>	<u>(386,005)</u>	<u>(386,005)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets	(520,749)	-	(520,749)
Interest and dividends received	-	18	18
Proceeds from sales of capital assets	105,865	-	105,865
Net cash provided by (used in) investing activities	<u>(414,884)</u>	<u>18</u>	<u>(414,866)</u>
Net increase (decrease) in cash	(14,535)	419,192	404,657
Cash, beginning of year	42,925	1,124,426	1,167,351
Cash, end of year	<u>\$ 28,390</u>	<u>\$ 1,543,618</u>	<u>\$ 1,572,008</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (486,413)	\$ 598,546	\$ 112,133
Adjustment to reconcile operating income to net cash provided by operating activities:			
Depreciation	63,018	240,272	303,290
Increase in:			
Receivables	(503,288)	-	(503,288)
Increase (decrease) in:			
Accounts payable	4,137	(3,814)	323
Due to other funds	452,332	(29,838)	422,494
Accrued payroll and benefits	142	13	155
Net cash provided by (used in) operating activities	<u>\$ (470,072)</u>	<u>\$ 805,179</u>	<u>\$ 335,107</u>

The notes to the financial statements are an integral part of this statement.

**NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**(1) Summary of significant accounting policies**

**A. Reporting Entity**

The City of Arvin (City) was incorporated December 21, 1960, as a general law city and as such draws its authority from the Constitution and laws of the State of California. The City has a council/manager form of government and is governed by a five-member elected council. The City Manager is appointed by the City Council. The City provides the following services: police, community services, street construction and maintenance, planning and zoning, street cleaning, transit, sanitation, and general administrative services.

The accompanying basic financial statements include the financial activities of the City and its sole component unit, the Arvin Community Redevelopment Agency (Agency). Financial information for the City and its component unit is accounted for in the accompanying financial statements in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board.

**Blended component unit** – *The Arvin Community Redevelopment Agency (Agency)* was established by the City Council on December 5, 1995, pursuant to California Health and Safety Code Section 33000; the “Community Redevelopment Law.” The Agency exists as a separate legal entity whose purpose is to eliminate blight, to help meet low and moderate income housing needs, and to revitalize property, within the Arvin redevelopment project area. The Agency board is comprised solely of the same individuals who comprise the City Council. The Agency’s administrative staff is comprised of City employees. The Agency is reported as a governmental fund.

Separate financial statements are produced by the Agency and may be obtained from the City of Arvin, 200 Campus Drive, Arvin, California 93203.

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

**B. New Pronouncement**

In February 2009, GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, effective for periods beginning after June 15, 2010. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balances are to be reported as nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The City implemented this statement for fiscal year 2010-2011 financial statements.

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**C. Basis of Accounting/Measurement Focus**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**Government-wide and fund financial statements** - The City government-wide financial statements include a statement of net assets and a statement of activities and changes in net assets. These statements present summaries of governmental and business-type activities for the City accompanied by a total column.

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets acquired since July 1, 2003, and long-term liabilities, are included in the accompanying statement of net assets. The statement of activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating contributions and grants, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the statement of net assets have been eliminated. In the statement of activities, interfund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure. In addition, the City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements to its business-type activities.

**Governmental Fund Financial Statements** - Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements is provided to explain the differences created by the integrated approach of GASB Statement No 34.

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**C. Basis of Accounting/Measurement Focus (Continued)**

**Governmental Fund Financial Statements (Continued)**

All governmental funds are accounted for under a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on these balance sheets. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash during the year or within 60 days after year-end. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenue and other forms of tax. Grants and similar items are recognized as revenue as soon as eligibility requirements have been met. The availability period for revenue recognition for Grants receivable is 1 year after the year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The City reports the following major governmental funds:

*General Fund* - The General Fund is the City's general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue source is an ad valorem specially assessed tax override. These governmental functions are not financed with bonded indebtedness.

*Redevelopment Agency Fund* - The Agency consists of two funds used to account for operational, debt service and low and moderate income projects. Both funds have been combined for presentation in these financial statements.

**Proprietary Fund Financial Statements**

*Proprietary Fund Financial Statements* - includes a statement of fund net assets, a statement of revenues, expenses, and changes in fund net assets, and a statement of cash flows for each major proprietary fund and for non-major funds.

The City of Arvin reports the following Proprietary funds:

*Transit Fund* - accounts for financial activity related to the public transit services provided by the City. This fund is a major fund.

*Sanitation Fund* - accounts for the financial activity of the waste water services of the City. These services are provided through contracts with independent contractors. This fund is a major fund.

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**C. Basis of Accounting/Measurement Focus (Continued)**

**Proprietary Fund Financial Statements (Continued)**

Enterprise funds are accounted for using the *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the statement of fund net assets. The statement of revenues, expenses, and changes in fund net assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they occur while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the enterprise funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating 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.

**Use of Estimates**

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

**D. Assets, Liabilities, and Net Assets or Equity**

**Cash and Investments**

Under the City's cash management program, cash in excess of operating requirements from all funds is pooled with the purpose of maximizing interest through investment activities, and is deposited in savings accounts or invested in bank certificates of deposit, bank money market accounts, and the State of California Local Agency Investment Fund (LAIF). Interest income on pooled investments is allocated on the end of month balance in each fund included in the pools.

For purposes of the statement of cash flows, the City considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments of the enterprise funds are pooled with the City's pooled cash and investments.

**Receivables and Payables**

Activity between funds that represents 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 "interfund advances receivable/payable" (i.e. the non-current portion of interfund loans).

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**D. Assets, Liabilities, and Net Assets or Equity (Continued)**

**Receivables and Payables (Continued)**

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.

Enterprise fund receivables are shown net of an allowance for uncollectible accounts. All customers are billed monthly. The estimated value of services provided, but unbilled at year-end has been included in the accompanying financial statements.

Property taxes are assessed, collected and allocated by Kern County throughout the fiscal year according to the following property tax calendar. The property taxes attach as an enforceable lien on property as of January 1<sup>st</sup> each year, with other dates of significance being:

Levy Date	July 1 <sup>st</sup> to June 30 <sup>th</sup>
Due Dates	November 1 <sup>st</sup> , 1 <sup>st</sup> installment; February 1 <sup>st</sup> , 2 <sup>nd</sup> installment
Delinquent Dates	December 10 <sup>th</sup> , 1 <sup>st</sup> installment, April 10 <sup>th</sup> , 2 <sup>nd</sup> installment

City property tax revenues are recognized when received in cash except at year-end when available taxes, or those collected within 60 days of fiscal year end, are accrued pursuant to the modified accrual basis of accounting. Revenue from taxpayer-assessed taxes (sales and use, business license, transient occupancy, utility users, gas, and franchise fees) are accrued in the governmental funds when they are both measurable and available. The City considers these revenues available if they are received during the period when settlement of prior fiscal year accounts payable occurs. Historically, the majority of these taxes are received within 60 days of the fiscal year end.

Grant and entitlement revenues are recorded as receivables in the funds when all eligibility requirements have been met. The corresponding governmental fund revenues are recorded in governmental funds when they become available, with the differences recorded as unearned revenue. Enterprise fund revenues are recorded as operating revenues when the receivables are recorded. Some grant and entitlement revenues are not susceptible to accrual, in which case the corresponding revenues are recorded when received.

**Restricted Assets**

Certain proceeds of the Redevelopment Agency's tax allocation bonds, principally resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond contracts.

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**D. Assets, Liabilities, and Net Assets or Equity (Continued)**

**Capital Assets**

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$5,000. The City has chosen not to capitalize infrastructure in place prior to the adoption of GASB 34. Gifts or contributions of capital assets are recorded at fair value when received. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings and improvements	15-40 years
Vehicles	5 years
Machinery and equipment	5-20 years
Infrastructure	35-50 years

The City defines infrastructure as capital assets that are stationary and have expected useful lives significantly in excess of most capital assets. The assets include the street system, sewer collection and treatment system, park and recreation improvements, storm water conveyance system, and permanent monuments and signage.

**Compensated Absences Payable**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available resources is reported as an expenditure and related fund liability of the governmental fund responsible for payment. Amounts of vested or accumulated vacation leave and benefits that are not expected to be liquidated with expendable available resources are reported in the non-current portion of the obligations reported in the government-wide statement of net assets with corresponding changes in account balances reported as expenses in the statement of activities. Vested or accumulated enterprise fund vacation leave and benefits are expensed with a corresponding fund liability for these unpaid accrued employee benefits. Vacation pay accruals generally do not exceed the amount earned for one year; however, an employee may accumulate up to a maximum of 320 hours of earned vacation time after which no further vacation accrues to the employee.

**Long-Term Obligations**

In the government-wide and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as costs of issuance, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**D. Assets, Liabilities, and Net Assets or Equity (Continued)**

**Fund Equity**

The accompanying financial statements reflect certain changes that have been made with respect to the reporting of the components of fund balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance.

Due to the implementation of GASB No. 54, the components of the fund balances of governmental funds now reflect the component classifications described below. Prior year amounts have been restated to reflect the component designations required by GASB No. 54.

Fund balances are reported in the fund statements in the following classifications:

*Nonspendable fund balance* – this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

*Restricted fund balance* – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. If the Council action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

*Committed fund balance* – this includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.

*Assigned fund balance* – this includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

*Unassigned fund balance* – this includes all amounts not included in other spendable classifications.

In the government-wide financial statements, net assets are classified in the following categories:

*Invested in capital assets, net of related debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

*Restricted net assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* – This resulting category presents the remaining City net assets and this measure of equity is unrestricted, legally or otherwise.

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**D. Assets, Liabilities, and Net Assets or Equity (Continued)**

**Stewardship (Budget)**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. All annual appropriations lapse at year-end. The budget process is briefly summarized as follows:

- In June, the City Manager submits a proposed operating budget for the fiscal year commencing the following July 1 to the City Council. The operating budget includes proposed expenditures and means of financing them.
- The City Council holds public hearings on the proposed operating budget.
- As near as possible to July 1, the budget is legally enacted through passage of an appropriation resolution.
- Supplemental appropriations during the year may be approved by the City Council.
- The City Manager is authorized to transfer budgeted amounts between departments within any fund; however any change to total expenditures of any fund must be approved by the City Council.

**(2) Cash and Investments**

The City's investment policy is consistent with guidelines set forth under State of California Government Code Section 53601 and serves to maximize investment income consistent with safe and prudent investment practices. All surplus funds are managed by the Finance Director in compliance with the Statement of Investment Policy adopted by the City Council which delegates to the Finance Director the authority to invest City funds and to deposit securities.

The City follows the practice of pooling cash and investments of all funds. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on the month-end cash and investment balances.

The City's cash, cash equivalents, and investments consist of the following at June 30, 2011:

Deposits	\$	2,485,514
LAIF		160,275
External Investment Pool		1,037,535
Cash and Cash Equivalents		3,683,324
Investments with Fiscal Agents		1,491,737
	\$	5,175,061

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**(2) Cash and Investments (Continued)**

The City's deposits and investments are reflected in the accompanying basic financial statements as follows:

	Governmental Activities	Business Type Activities	Total
Cash and Cash Equivalents	\$ 379,552	\$ 430,457	\$ 810,009
Investments	1,626,076	501,502	2,127,578
Restricted Cash	1,597,425	640,049	2,237,474
	<u>\$ 3,603,053</u>	<u>\$ 1,572,008</u>	<u>\$ 5,175,061</u>

**Deposits**

The City maintains a cash investment pool that is available for all funds. Each fund type balance in the pool is reflected on the statement of net assets as cash and cash equivalents at June 30, 2011. The carrying amount of the City's deposits was \$2,485,514 and the bank balance was \$2,485,520 which was either insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus collateral for cash deposits is considered to be held in the City's name. The market value of the pledged securities must equal at least 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits.

**Investment Pools**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investments 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). As of June 30, 2011, the balance is \$160,275. The balance available for withdrawals is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Additionally the City of Arvin invested \$1,007,932 into an investment pool account with the Central San Joaquin Valley Risk Management Authority (CSJVRMA). At June 30, 2011 this account was valued at \$1,037,535. The City of Arvin received an average yield of 0.42% for the fiscal year ended June 30, 2011 on this investment.

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**(2) Cash and Investments (Continued)**

**Investments**

As of June 30, 2011, the City had the following investments:

Investment Types	Book Value	Maturities in years	
		Less than 1	1 to 5
Money Market Fund	\$ 739,970	\$ 739,970	\$ -
Negotiable CD's	751,767	751,767	-
Local Agency Investment Fund	160,275	160,275	-
External Investment Pool	1,037,535	1,037,535	-
Total Investments	<u>2,689,547</u>	<u>\$ 2,689,547</u>	<u>\$ -</u>
Cash in Banks and on hand	<u>2,485,514</u>		
Total cash and Investments	<u>\$ 5,175,061</u>		

**Authorized Investments**

Under provision of the City's investment policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

Securities of the U.S. Government, or its Agencies	Local agency investment fund deposits (state pool)
Certificates of deposit (or time deposits) placed with commercial banks and/or savings & loan companies	Passbook savings account demand deposits
Negotiable certificates of deposit	Small business administration loans
Bankers' acceptances	Repurchase agreements
	Reverse repurchase agreements

The City's investments by the investments manager are as follows:

City Treasurer	\$ 1,197,810
Fiscal Agents (Bond trustees for the City and its component units)	<u>1,491,737</u>
	<u>\$ 2,689,547</u>

**Interest Rate Risk**

The City does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

The City investments are subject to immediate liquidation, therefore, the City is exposed to interest rate risk if interest rates fall.

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**(2) Cash and Investments (Continued)**

**Credit Risk**

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSRO's). It is in the City's policy to limit its investments in these investment types to the top rating issued by NRSRO's, including raters Standard & Poor's and Moody's Investors Services.

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

Investment Type	AAA	Total
Money Market Fund	\$ 739,970	\$ 739,970
Totals	\$ 739,970	739,970
Not rated:		
California Local Agency Investment Fund		160,275
External Investment Pool		1,037,535
Negotiable CD's		751,767
Total Investments		\$ 2,689,547

**Concentration Credit Risk**

Investments in any individual issuer, other than U.S. Treasury securities, that represent 5% or more of the Agency's investments are as follows at June 30, 2011:

Issuer	Type of Investments	Amounts
Blackrock	Mutual Fund	640,049

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**(2) Cash and Investments (Continued)**

**Restricted Cash and Investments**

On their respective statement of net assets, the City shows restricted assets as detailed below:

		Funds held By
Governmental Activities		
Redevelopment Agency		
Debt service reserve	\$ 1,597,425	Wells Fargo
Total Governmental Fund Types	1,597,425	
Business-Type Activities		
Sanitation Fund		
Deposits Veolia water operating account	640,049	Union Bank of California
Total restricted cash deposits	\$ 2,237,474	

**(3) Interfund Activities**

**Current interfund balances**

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year.

**Long-Term interfund advances**

At June 30, 2011 the interfund advances below are expected to be repaid in more than one year.

	Receivable Fund	Payable Fund
Major funds:		
General fund	\$ 835,925	\$ -
Redevelopment Agency fund	-	835,925
Total	\$ 835,925	\$ 835,925

The advances bear interest at the rate earned on City pooled investments and are intended to be repaid as tax increments, in excess of redevelopment needs, are received. The portion of fund balance associated with amounts that have been disbursed to other funds in the form of long-term interfund advances have been classified as nonspendable unless the funds associated with repayment of the advances are otherwise restricted for specific purposes.

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**(3) Interfund Activities**

**Transfers between funds**

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund that has made expenditures on behalf of another fund or to supplement special or enterprise revenues with general fund revenues.

Transfers in and out consisted of the following as of June 30, 2011:

	Transfers	
	In	Out
Major funds:		
General	\$ 3,752,867	\$ -
RDA	-	3,814,867
Non-major funds:		
State Gas Tax	-	47,311
Traffic Impact Fees	-	110,000
Transportation Development fund	-	117,096
TEA fund	47,311	-
ARRA grant	179,096	375,683
Prop 1B grant	110,000	25,610
Enterprise funds:		
Transportation fund	401,293	-
Total transfers out	<u>\$ 4,490,567</u>	<u>\$ 4,490,567</u>

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**(4) Capital Assets**

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure additions as of the beginning of the 2003-2004 fiscal year in the government-wide statement of net assets. The City elected to use the basic approach whereby accumulated depreciation and depreciation expense have been recorded.

The following table presents summary information on capital assets:

<b>Governmental activities:</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 311,765	\$ -	\$ (77,730)	\$ 234,035
Infrastructure in progress	<u>1,393,186</u>	<u>1,181,515</u>	<u>-</u>	<u>2,574,701</u>
Total capital assets, not being depreciated	<u>1,704,951</u>	<u>1,181,515</u>	<u>(77,730)</u>	<u>2,808,736</u>
Capital assets, being depreciated:				
Buildings and improvements	5,296,590	311,108	-	5,607,698
Machinery and equipment	1,501,370	66,889	(102,852)	1,465,407
Infrastructure	3,185,038	621,081	-	3,806,119
Vehicles	<u>1,310,254</u>	<u>383,912</u>	<u>-</u>	<u>1,694,166</u>
Total capital assets being depreciated	<u>11,293,252</u>	<u>1,382,990</u>	<u>(102,852)</u>	<u>12,573,390</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,432,046)	(138,875)	-	(1,570,921)
Machinery and equipment	(1,142,709)	(51,566)	102,852	(1,091,423)
Infrastructure	(213,606)	(82,467)	-	(296,073)
Vehicles	<u>(1,007,496)</u>	<u>(171,723)</u>	<u>-</u>	<u>(1,179,219)</u>
Total accumulated depreciation	<u>(3,795,857)</u>	<u>(444,631)</u>	<u>102,852</u>	<u>(4,137,636)</u>
Total capital assets, being depreciated, net	<u>7,497,395</u>	<u>938,359</u>	<u>-</u>	<u>8,435,754</u>
Governmental activities capital assets, net	<u>\$ 9,202,346</u>	<u>\$ 2,119,874</u>	<u>\$ (77,730)</u>	<u>\$ 11,244,490</u>

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**(4) Capital Assets (Continued)**

<b>Business-type activities:</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 906,245	\$ -	\$ -	\$ 906,245
Capital assets, being depreciated:				
Buildings and improvements	4,216,103	-	-	4,216,103
Machinery and equipment	79,739	35,487	-	115,226
Infrastructure	5,903,462	-	-	5,903,462
Vehicles	653,168	495,140	(134,056)	1,014,252
Total capital assets being depreciated	<u>10,852,472</u>	<u>530,627</u>	<u>(134,056)</u>	<u>11,249,043</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,468,208)	(103,700)	-	(1,571,908)
Machinery and equipment	(31,601)	(8,363)	-	(39,964)
Infrastructure	(1,374,649)	(137,290)	-	(1,511,939)
Vehicles	(563,524)	(53,937)	-	(617,461)
Total accumulated depreciation	<u>(3,437,982)</u>	<u>(303,290)</u>	<u>-</u>	<u>(3,741,272)</u>
Total capital assets, being depreciated, net	<u>7,414,490</u>	<u>227,337</u>	<u>(134,056)</u>	<u>7,507,771</u>
Business-type activities capital assets, net	<u>\$ 8,320,735</u>	<u>\$ 227,337</u>	<u>\$ (134,056)</u>	<u>\$ 8,414,016</u>

For the year ended June 30, 2011, depreciation expense on capital assets was charged to the governmental functions as follows:

Governmental activities:	
General government	\$ 116,548
Community Development	12,704
Public Safety	112,699
Public Works	202,680
Total depreciation expense - governmental activities	<u>\$ 444,631</u>
Business-type activities	
Transportation	\$ 63,018
Sanitation	240,272
Total depreciation expense - business-type activities	<u>\$ 303,290</u>

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**(5) Compensated Absences**

The City's policy relating to compensated absences is described in Note 1. As shown in the table of long-term obligations below, the non-current portion of this debt at fiscal year end was \$238,147, all of which relates to governmental activities. This obligation is expected to be paid in future years from then available resources derived from the respective funds to which the employee services are rendered.

**(6) Long-Term Obligations**

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2011:

	Beginning Balance	Incurred or Issued	Satisfied or Matured	Ending Balance	Due Within One Year	Due in More than One Year
<b>Governmental Activities:</b>						
Tax allocation bonds						
2005 tax allocation bonds	\$5,825,000	\$ -	\$ 120,000	\$ 5,705,000	\$ 125,000	\$ 5,580,000
2008 tax allocation bonds	3,505,000	-	30,000	3,475,000	30,000	3,445,000
Less deferred amounts:						
For issuance discounts	(320,239)	-	(12,212)	(308,027)	(12,212)	(295,815)
Total tax allocation bonds payable	9,009,761	-	137,788	8,871,973	142,788	8,729,185
Governmental compensated absences	275,279	-	37,132	238,147	-	238,147
Governmental activity Long-term liabilities	<u>\$9,285,040</u>	<u>\$ -</u>	<u>\$ 174,920</u>	<u>\$ 9,110,120</u>	<u>\$ 142,788</u>	<u>\$ 8,967,332</u>
<b>Business-type activities:</b>						
Contract obligations						
Veolia Water North American Operating Services, LLC	\$5,151,733	\$ -	\$ 103,390	\$ 5,048,343	\$ 109,260	\$ 4,939,083
Business-type activity Long-term liabilities	<u>\$5,151,733</u>	<u>\$ -</u>	<u>\$ 103,390</u>	<u>\$ 5,048,343</u>	<u>\$ 109,260</u>	<u>\$ 4,939,083</u>

- **2005 Tax Allocation Bonds:** On October 6, 2005, the Redevelopment Agency issued Tax Allocation Bonds with a face value of \$6,250,000, at a combined original issue discount and underwriter's discount of \$251,088. Issuance costs of \$78,360 were incurred. The bond discount and issuance costs will be amortized ratably over the average 30 year life of the bond issue on a straight-line basis. The Bonds bear interest at the net average rate of 5.18% and are payable semi-annually maturing through September, 2035.
- **2008 Tax Allocation Bonds:** On August 7, 2008, the Redevelopment Agency issued Tax Allocation Bonds with a face value of \$3,530,000, at a combined original issue discount and underwriter's discount of \$115,250. Issuance costs of \$92,330 were incurred. The bond discount and issuance costs will be amortized ratably over the average 30 year life of the bond issue on a straight-line basis. The Bonds bear interest ranging 5.00% to 6.5% and are payable semi-annually maturing through September, 2038.

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**(6) Long-Term Obligations (Continued)**

- Veolia Water North American Operating Services, LLC: As described in Note 8, in 1998 the City entered into an agreement effectively privatizing the operation of its sewage treatment plant, paying off virtually all of the 1992 Sewer Revenue Bonds, and financing improvements to the existing sewage plant facility. Veolia is entitled to recover its equity (initially \$5,963,560) in the contract over 35 years. Payments amortizing this equity in the sum of \$32,167 per month are made by the City resulting in an implicit interest rate of approximately 5.9% per annum. If the agreement is terminated prematurely, the agreement requires the City to pay decreasing fixed sum (see below), which is higher than the computed balance of the financing when computed using a standard amortization methodology. If the agreement were to terminate prematurely, the City would receive the improvements to the wastewater treatment plant and Veolia's access easement would terminate.

Agreement Year	Buy-out Price	Agreement Year	Buy-out Price	Agreement Year	Buy-out Price
0	\$ 5,963,560	12	\$ 5,306,360	24	\$ 3,652,760
1	5,928,580	13	5,219,440	25	3,433,340
2	5,891,480	14	5,125,100	26	3,196,960
3	5,851,200	15	5,024,400	27	2,940,440
4	5,807,740	16	4,914,160	28	2,663,780
5	5,760,040	17	4,795,440	29	2,365,920
6	5,709,160	18	4,667,180	30	2,042,620
7	5,655,100	19	4,529,380	31	1,694,940
8	5,595,740	20	4,379,920	32	1,318,640
9	5,531,080	21	4,218,800	33	912,660
10	5,462,180	22	4,043,900	34	473,820
11	5,387,980	23	3,856,280	35	-

Each "Agreement Year" ends at 11:59 p.m. on the day before the contract anniversary date.

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**(6) Long-Term Obligations (Continued)**

The amortization tables below show the scheduled payments of interest and principal on all City long-term indebtedness.

<u>Year ending June 30,</u>	<u>Contract Obligation Payable - Veolia, Inc.</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 109,260	\$ 276,743	\$ 386,003
2013	115,465	270,539	386,004
2014	122,023	263,981	386,004
2015	128,952	257,052	386,004
2016	136,275	249,729	386,004
2017-2021	806,633	1,123,387	1,930,020
2022-2026	1,063,206	866,815	1,930,021
2027-2031	1,401,388	528,632	1,930,020
2032-2035	1,165,141	112,723	1,277,864
	<u>\$ 5,048,343</u>	<u>\$ 3,949,601</u>	<u>\$ 8,997,944</u>

<u>Year ending June 30,</u>	<u>2005 Tax Allocation Bond Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 125,000	281,388	\$ 406,388
2013	130,000	276,388	406,388
2014	135,000	270,537	405,537
2015	140,000	264,868	404,868
2016	145,000	258,848	403,848
2017-2021	845,000	1,188,013	2,033,013
2022-2026	1,075,000	963,188	2,038,188
2027-2031	1,360,000	664,456	2,024,456
2032-2036	1,750,000	277,775	2,027,775
	<u>\$ 5,705,000</u>	<u>\$ 4,445,461</u>	<u>\$ 10,150,461</u>

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**(6) Long-Term Obligations (Continued)**

<u>Year ending June 30,</u>	<u>2008 Tax Allocation Bond Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	30,000	221,025	\$ 251,025
2013	35,000	219,400	254,400
2014	35,000	217,650	252,650
2015	40,000	215,675	255,675
2016	40,000	213,475	253,475
2017-2021	230,000	1,031,375	1,261,375
2022-2026	310,000	948,025	1,258,025
2027-2031	425,000	829,563	1,254,563
2032-2036	590,000	666,250	1,256,250
2037-2038	1,740,000	174,200	1,914,200
	<u>\$ 3,475,000</u>	<u>\$ 4,736,638</u>	<u>\$ 8,211,638</u>

**(7) Conduit Debt Obligations**

In 1983 the City issued the 1983-1 Assessment District Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities in the Jewett Square Assessment District. The bonds were issued at interest rates ranging from 9.2% to 9.75%, payable semi-annually, maturing in annual amounts of between \$20,000 and \$145,000 through the year 2000. These bonds are special limited obligations of the City, payable solely from and secured by the pledge of special assessment property taxes levied against real property within the District. The bonds do not constitute a debt or pledge of faith and credit of the City, the County, or the State, and accordingly are not reported in the accompanying financial statements. As of June 30, 2011, there was no remaining principal balance; all bonds have been paid off.

**(8) Wastewater Treatment Plant Commitments**

In 1998 the City entered into an agreement with U.S. Filter Operating Services, Inc., predecessor in interest to Veolia Water North American Operating Services, LLC (collectively, "Veolia"), under which the City granted Veolia an easement to its existing treatment facilities and retained Veolia to operate all treatment plant sanitation services on behalf of the City for 35 years. As part of the agreement Veolia also made improvements to the existing sewage plant of approximately \$5.1 million dollars and provided cash of \$876,400 for the City to advance refund its then outstanding 1992 Sewer Revenue Bonds.

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**(8) Wastewater Treatment Plant Commitments (Continued)**

In order to secure its payment obligations, the City pledged all ad valorem assessments it collects against properties located in the City for the provision of sewage services, and all direct in lieu billings to governmental agencies, and all connection fees. These monies are deposited into a trust account held by Union Bank of California, N.A.. From the amounts deposited disbursements are made in the following priority: (1) Veolia's monthly sewage treatment plant operating costs; (2) payment to Veolia of any unpaid prior monthly operating costs; and (3) extraordinary operating, maintenance or repair costs associated with the plant.

Twice annually, the City is entitled to receive a sum (initially \$75,000, indexed for inflation) to the extent funds are available in the Union Bank account as its easement fee for the access easement granted to Veolia. Unpaid easement fees (due to fund unavailability) are carried forward until funds are available to pay them.

The balance in the Union bank account at June 30, 2011 was \$640,049. Under the terms of the agreement the City is permitted to remove all funds in excess of \$500,000 from the Union bank account beginning in the fiscal year 2009-2010. All funds in the trust account are City property held in pledge toward City obligations under the Veolia agreement, and subject to the terms of the trust account agreement.

The City makes monthly payments of \$32,167 to amortize, with interest, the improvements and debt service advance financed by Veolia. If the agreement is terminated early, the City must pay a declining lump sum, as described above, to repay Veolia's investment plus an imputed premium for early termination. The amount financed and these payments are reported by the City as long term indebtedness in the business-type activities, and is more fully discussed above in connection with the City's long term indebtedness (see note 6). The transactional activity related to the Veolia contract is reported in the Sanitation fund within the enterprise fund financial statements, and in the business-type activities portions of the government-wide financial statements.

**(9) Defined Benefit Pension Plan**

**A. Plan Description**

The City contributes to the Public Agency portion of the California Public Employee Retirement System (CalPERS), a cost sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employee's Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**(9) Defined Benefit Pension Plan (Continued)**

**A. Plan Description (Continued)**

As of June 30, 2009 the City's membership consisted of the following:

	Misc.	Safety
Active	31	17
Transferred	15	26
Separated	11	7
Retired	17	8
	74	58

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The City's current contribution was determined through an actuarial valuation performed by CalPERS Pension Actuary as of June 30, 2009. The Miscellaneous and Safety Plans use the aggregate actuarial cost method to determine required contributions. Significant actuarial assumptions used to compute the annual contribution requirements are as follows:

Actuarial Valuation Date	June 30, 2009
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	17 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.55% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%

CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 "P" Street, Sacramento, California 95814.

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**(9) Defined Benefit Pension Plan (Continued)**

**B. Funding Policy**

Active plan members in Miscellaneous and Safety Plans are required to contribute 7% 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 2010/2011 was 5.175% for miscellaneous employees, and 10.261% for police officers, of annual payroll. 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. The City's contribution to CalPERS for Miscellaneous and Safety Plans for the fiscal years ending June 30, 2011, 2010, and 2009 was \$246,995, \$240,370, and \$192,136, respectively. For both plans the City contributed 100% of the required contributions for each year.

**Funded Status and Funding Progress**

The funded status of each plan as of June 30, 2009, the most recent actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded (Excess Assets) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
Police						
6/30/09	\$ 63,095,026	\$ 73,625,106	\$ 10,530,080	85.7%	\$ 21,879,598	48.127%
Miscellaneous						
6/30/09	\$ 2,758,511,101	\$ 3,104,798,222	\$ 346,287,121	88.9%	\$ 742,981,488	46.608%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**(10) Risk Management**

The City is exposed to various risks and losses related to torts; theft or, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. Risk of loss is primarily handled through the Central San Joaquin Valley Risk Management Authority (CSJVRMA). CSJVRMA is a consortium of fifty-five (55) cities in the San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et seq. Central San Joaquin Valley Risk Management Authority is governed by a Board of Directors, which meets 3-4 times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by CSJVRMA. It is not a component unit of the City.

The City is covered for the first \$1,000,000 of each general liability claim and \$500,000 of each workers' compensation claim through CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under \$25,000 and workers' compensation losses under \$25,000. The CSJVRMA participates in an excess pool which provides general liability coverage from \$1,000,000 to \$28,000,000. The CSJVRMA participates in an excess pool which provides workers' compensation coverage from \$500,000 to \$4,500,000 and purchases excess reinsurance above the \$4,500,000 to the statutory limit.

The following is a summary of CSJVRMA's financial information as of, and for the fiscal year ended, June 30, 2010 (latest information available).

Total assets	\$	67,337,173
Total liabilities		55,453,249
Net assets - restricted for future claims	\$	11,883,924
Total Revenue	\$	33,252,560
Total expenses		30,672,089
Change in net assets	\$	2,580,471

Upon termination of the joint powers agreement and after all claims have been settled, any excess or deficit will be divided among the cities in accordance with governing documents.

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**(11) Commitments and Contingencies**

**General Liability**

There are various claims and legal actions pending against the City for which no provision has been made in the financial statements. In the opinion of the City Attorney and City Management, liabilities arising from these claims and legal actions, if any, will not be material to these financial statements.

**Federal Awards and Grants**

The City has received federal grants for specific purposes that are subject to review and audit by the federal government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

**Arvin Community Redevelopment Agency**

In June of 2011 two trailer bills were created to help with the California debt crisis. ABX1 26 would completely eliminate all California redevelopment agencies by October 1, 2011. The second bill, ABX1 27, would allow the agencies to continue to operate if the cities or counties make "voluntary" payments to the state. These bills are currently under litigation to determine their constitutionality. At this time the City of Arvin has opted to continue the redevelopment agency by making the "voluntary" payments, once these bills are out of litigation, and the amount they would eventually owe is expected to be approximately \$200,000.

**(12) Deficit Fund Equity**

The following special revenue funds had a deficit fund balance as of June 30, 2011:

RSTP Funds	\$	(574,208)
CMAQ Grant	\$	(237,375)
ARRA Grant	\$	(218,210)
TEA Funds	\$	(228,562)
PTMISEA	\$	(19,106)
Federal Police Grant	\$	(15,836)
Community Development Block Grant	\$	(9,105)
COPS Program	\$	(8,759)
USDA Cameras	\$	(5,883)
Asset Forfeiture	\$	(5,882)

The City expects future revenues, assessments, and general fund transfers to cover the above deficits.

**CITY OF ARVIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**(13) Special Items**

During the year, the following 2010 Federal grant reimbursements were disallowed:

TEA Funds	\$	118,211
RSTP Funds		443,938

The reimbursements were denied for non-compliance with certain Federal grant requirements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF ARVIN**  
**SCHEDULE OF FUNDING PROGRESS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

California Public Employees' Retirement System Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded (Excess Assets) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
Police						
6/30/07	\$ 69,523,793	\$ 77,117,539	\$ 7,593,746	90.2%	\$ 22,403,563	33.9%
6/30/08	\$ 62,163,959	\$ 69,011,153	\$ 6,847,194	90.1%	\$ 21,538,000	31.8%
6/30/09	\$ 63,095,026	\$ 73,625,106	\$ 10,530,080	85.7%	\$ 21,879,598	48.1%
Miscellaneous						
6/30/07	\$ 2,391,434,447	\$ 2,611,746,790	\$ 220,312,343	91.6%	\$ 665,522,859	33.1%
6/30/08	\$ 2,547,323,278	\$ 2,780,280,768	\$ 232,957,490	91.6%	\$ 688,606,681	33.8%
6/30/09	\$ 2,758,511,101	\$ 3,104,798,222	\$ 346,287,121	88.9%	\$ 742,981,488	46.6%

**CITY OF ARVIN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES – BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 1,351,328	\$ 1,351,328	\$1,595,875	\$ 244,547
Licenses and permits	1,497,046	1,497,046	1,682,362	185,316
Fines and penalties	17,000	17,000	15,588	(1,412)
Revenue from use of money and property	352,000	352,000	371,473	19,473
Charges for services	899,214	899,214	825,374	(73,840)
Intergovernmental revenues	3,000	3,000	81,660	78,660
Fees and other revenues	149,580	149,580	288,387	138,807
<b>Total revenues</b>	<u>4,269,168</u>	<u>4,269,168</u>	<u>4,860,719</u>	<u>591,551</u>
<b>EXPENDITURES</b>				
Current				
General government	1,245,192	1,245,192	1,246,222	(1,030)
Public safety	2,250,508	2,250,508	2,199,901	50,607
Public works	402,492	402,492	494,391	(91,899)
Planning/community development	326,746	326,746	270,175	56,571
Capital outlay				
Public works	7,000	7,000	16,415	(9,415)
Public safety	26,000	26,000	26,260	(260)
Debt service:				
Interest	250	250	-	250
<b>Total expenditures</b>	<u>4,258,188</u>	<u>4,258,188</u>	<u>4,253,364</u>	<u>4,824</u>
Excess (deficiency) of revenues over expenditures	<u>10,980</u>	<u>10,980</u>	<u>607,355</u>	<u>596,375</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	3,752,867	3,752,867
Transfers out	(5,000)	(5,000)	-	5,000
<b>Total other financing sources and uses</b>	<u>(5,000)</u>	<u>(5,000)</u>	<u>3,752,867</u>	<u>3,757,867</u>
Net change in fund balances	5,980	5,980	4,360,222	4,354,242
Fund balances - beginning	<u>2,082,790</u>	<u>2,082,790</u>	<u>2,082,790</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,088,770</u>	<u>\$ 2,088,770</u>	<u>\$ 6,443,012</u>	<u>\$ 4,354,242</u>

**CITY OF ARVIN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES – BUDGET AND ACTUAL**  
**REDEVELOPMENT AGENCY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 802,570	\$ 802,570	\$ 670,055	\$ (132,515)
Revenue from use of money and property	15,000	15,000	22,530	7,530
Intergovernmental revenues	5,000	5,000	226,698	221,698
Fees and other revenues	5,000	5,000	12,589	7,589
Total revenues	<u>827,570</u>	<u>827,570</u>	<u>931,872</u>	<u>104,302</u>
<b>EXPENDITURES</b>				
Current				
General government	1,157,483	1,157,483	1,472,594	(315,111)
Capital outlay				
Public works	2,209,118	2,209,118	509,579	1,699,539
Debt service:				
Principal	145,000	145,000	150,000	(5,000)
Interest	548,760	548,760	547,419	1,341
Total expenditures	<u>4,060,361</u>	<u>4,060,361</u>	<u>2,679,592</u>	<u>1,380,769</u>
Excess (deficiency) of revenues over expenditures	<u>(3,232,791)</u>	<u>(3,232,791)</u>	<u>(1,747,720)</u>	<u>1,485,071</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(3,814,867)	(3,814,867)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(3,814,867)</u>	<u>(3,814,867)</u>
Net change in fund balances	(3,232,791)	(3,232,791)	(5,562,587)	(2,329,796)
Fund balances - beginning	<u>6,430,907</u>	<u>6,430,907</u>	<u>6,430,907</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,198,116</u>	<u>\$ 3,198,116</u>	<u>\$ 868,320</u>	<u>\$ (2,329,796)</u>

**CITY OF ARVIN**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**Budgetary Information**

The City uses the following procedures annually to establish the budget data reflected in the budgetary comparison schedules:

1. The City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. The City Council reviews the proposed budget at specially scheduled sessions, which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to July 1, the budget is legally adopted through passage of an ordinance. This budget is reported as Original Budget in the budgetary comparison schedules.
4. During the fiscal year, changes to the adopted budget may be authorized, as follows:
  - a. Items requiring City Council action - appropriation of fund balance reserves; transfers of appropriations between funds; appropriation of any non-departmental revenue; new interfund loans or advances; and creation of new capital projects or increases to existing capital projects.
  - b. Items delegated to the City Manager – transfers between departments within funds; appropriation of unbudgeted departmental revenues; and approval of transfers which increase salary and benefit appropriations.
  - c. Items delegated to department heads – allocation of departmental appropriations to line item level.
5. Formal budgetary integration is employed as a management tool for all funds. Annual budgets are legally adopted and amended as required for the general, special revenue and enterprise funds. Project length budgets are adopted for the capital projects funds. All budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP), and budgetary comparisons for the information. A debt service payment schedule for the debt service funds is also approved as part of the budget process.
6. Budget amounts are reflected after all authorized amendments and revisions. This budget is reported as the Final Budget in the budgetary comparison schedules.
7. For each legally adopted operating budget, expenditures may not exceed budgeted appropriations at the activity level. The legal appropriation basis is at the level called “department.” A “department” for legal appropriation purposes may be a single organization, or an entire department having multiple organizations within the same fund, or an entire fund.

**OTHER SUPPLEMENTAL INFORMATION**

**CITY OF ARVIN**  
**NONMAJOR GOVERNMENTAL FUNDS**

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

*State Gas Tax*

Accounts for revenues and expenditures apportioned to the City under the Streets and Highway Code, Sections 2105, 2106, 2107, and 2107.5 of the State of California. Expenditures for administration, maintenance and construction must be street related.

*Transportation Development Act (TDA) – Non-Transit*

Accounts for sales tax monies received from Kern Council of Governments restricted for street and road improvements.

*Citizens Option for Public Safety (COPS) Program*

Accounts for expenditures made with state grant monies authorized by California Assembly Bill 3229 for “front-line” police related activities.

*LLMD District*

Accounts for assessment money received from district property owners restricted for use to maintenance expenditures.

*Community Development Block Grants*

Accounts for expenditures restricted for approved projects that have been funded by Federal Community Development Block Grant Funds received through county funding.

*TEA Funds*

Accounts for the grants received from the Transportation Enhancement Activities (TEA) program restricted for design and construction of improvements which beautify or enhance the interface between transportation systems and adjacent communities. This funding requires matching city funds.

*CMAQ Grant*

Accounts for Congestion Mitigation and Air Quality grant funds which are restricted for use to relieve traffic congestion and improve air quality within the City as well as help the City to meet the SJVAQC guidelines.

*RSTP Funds*

Accounts for Regional Service Transportation Program (RSTP) funding, which was created by Congress through the Intermodal Surface Transportation Efficiency Act of 1991 and renewed through the transportation Equity Act for the 21<sup>st</sup> Century in 1998. RSTP funding is restricted for the City to address specific transportation issues. This funding requires matching city funds.

*Asset Forfeiture Fund*

Accounts for proceeds of asset forfeitures seized by law enforcement officials from illicit narcotic activities and the restricted use of such proceeds by the city to help fund its law enforcement activities.

**CITY OF ARVIN  
NONMAJOR GOVERNMENTAL FUNDS**

*Traffic Offender Fund*

Accounts for fees charged to release a vehicle that has been impounded by law enforcement officials and the restricted use of such proceeds by the city to help fund its law enforcement activities.

*Prop 1B Funding Fund*

Accounts for the grants received which have been restricted to help pay for a new traffic signal and security cameras for new buses.

*Traffic Impact Fund*

Separates and accounts for the fees received from builders that have been specifically restricted for traffic flow improvements.

*ARRA Grant Fund*

Accounts for expenditures restricted for approved projects that have been funded by Federal Stimulus Grant Funds received.

*Park Fees Fund*

Separates and accounts for fees received from builders that have been specifically restricted for park improvements.

*PTMISEA Fence Grant*

Separates and accounts for funds restricted for use to secure vehicles behind a fenced enclosure with limited access facilitated by electronic means.

*Federal Police Grant*

Separates and accounts for funds restricted for the base salary and fringe benefit costs associated with one officer funded by the U.S. Department of Justice COPS Grant.

*JARC Operations Grant*

Accounts for the grants received which have been restricted to provide low income employees transit services to work.

*USDA Cameras*

Accounts for the grants received which have been restricted for use to purchase, install, and integrate remote individual wireless cameras monitored by the Arvin Police Department.

*Prop 84 Parks Fund*

Accounts for the grants received that are restricted for use to projects relating to safe drinking water, water quality and supply, flood control, water pollution and contamination control, and state and local park improvements.

**CITY OF ARVIN  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2011**

	State Gas Tax	Transportation Development (Non-transit)	COPS Program
<b>ASSETS</b>			
Cash and investments			
Unrestricted	\$ 59,206	\$ 611	\$ -
Receivables			
Accounts	99,128	130,527	25,000
Due from other funds	-	252,537	-
<b>Total assets</b>	<b>\$ 158,334</b>	<b>\$ 383,675</b>	<b>\$ 25,000</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 7,456	\$ -	\$ 84
Accrued payroll and benefits	14,123	671	5,853
Due to other funds	-	-	27,822
Unearned revenue	-	-	-
<b>Total liabilities</b>	<b>21,579</b>	<b>671</b>	<b>33,759</b>
<b>Fund balances:</b>			
Restricted:			
Street projects	136,755	383,004	-
Maintenance expenditures	-	-	-
Traffic signals and security cameras	-	-	-
Traffic flow improvements	-	-	-
Park improvements	-	-	-
Parks and water	-	-	-
Other purposes	-	-	-
Unassigned:	-	-	(8,759)
<b>Total fund balances</b>	<b>136,755</b>	<b>383,004</b>	<b>(8,759)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 158,334</b>	<b>\$ 383,675</b>	<b>\$ 25,000</b>

**CITY OF ARVIN  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2011**

	LLMD District	Community Development Block Grant	TEA Funds
<b>ASSETS</b>			
Cash and investments			
Unrestricted	\$ 54,370	\$ -	\$ -
Receivables			
Accounts	-	-	1
Due from other funds	-	-	-
<b>Total assets</b>	<b>\$ 54,370</b>	<b>\$ -</b>	<b>\$ 1</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 5,359	\$ -	\$ -
Accrued payroll and benefits	1,320	-	163
Due to other funds	-	9,105	228,400
Unearned revenue	-	-	-
<b>Total liabilities</b>	<b>6,679</b>	<b>9,105</b>	<b>228,563</b>
<b>Fund balances:</b>			
Restricted:			
Street projects	-	-	-
Maintenance expenditures	47,691	-	-
Traffic signals and security cameras	-	-	-
Traffic flow improvements	-	-	-
Park improvements	-	-	-
Parks and water	-	-	-
Other purposes	-	-	-
Unassigned:	-	(9,105)	(228,562)
<b>Total fund balances</b>	<b>47,691</b>	<b>(9,105)</b>	<b>(228,562)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 54,370</b>	<b>\$ -</b>	<b>\$ 1</b>

**CITY OF ARVIN  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2011**

	CMAQ Grant	RSTP Funds	Asset Forfeiture Fund
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and investments			
Unrestricted	\$ -	\$ -	\$ -
Receivables			
Accounts	45,390	-	-
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u><u>\$ 45,390</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 80,627	\$ -	\$ -
Accrued payroll and benefits	-	-	-
Due to other funds	175,436	574,208	5,882
Unearned revenue	<u>26,702</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>282,765</u>	<u>574,208</u>	<u>5,882</u>
<b>Fund balances:</b>			
Restricted:			
Street projects	-	-	-
Maintenance expenditures	-	-	-
Traffic signals and security cameras	-	-	-
Traffic flow improvements	-	-	-
Park improvements	-	-	-
Parks and water	-	-	-
Other purposes	-	-	-
Unassigned:	<u>(237,375)</u>	<u>(574,208)</u>	<u>(5,882)</u>
Total fund balances	<u>(237,375)</u>	<u>(574,208)</u>	<u>(5,882)</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 45,390</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF ARVIN  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2011**

	Traffic Offender Funds	Prop 1B Funds	Traffic Impact Fees Funds
<b>ASSETS</b>			
Cash and investments			
Unrestricted	\$ 12,162	\$ -	\$ -
Receivables			
Accounts	-	-	-
Due from other funds	-	469,202	320,654
<b>Total assets</b>	<b>\$ 12,162</b>	<b>\$ 469,202</b>	<b>\$ 320,654</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll and benefits	-	-	-
Due to other funds	-	8,692	-
Unearned revenue	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>8,692</b>	<b>-</b>
<b>Fund balances:</b>			
Restricted:			
Street projects	-	-	-
Maintenance expenditures	-	-	-
Traffic signals and security cameras	-	460,510	-
Traffic flow improvements	-	-	320,654
Park improvements	-	-	-
Parks and water	-	-	-
Other purposes	12,162	-	-
Unassigned:	-	-	-
<b>Total fund balances</b>	<b>12,162</b>	<b>460,510</b>	<b>320,654</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,162</b>	<b>\$ 469,202</b>	<b>\$ 320,654</b>

**CITY OF ARVIN  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2011**

	<u>ARRA Grant Fund</u>	<u>Park Fees Funds</u>	<u>PTMISEA Fence Grant</u>
<b>ASSETS</b>			
Cash and investments			
Unrestricted	\$ -	\$ 114,160	\$ 5,932
Receivables			
Accounts	179,410	-	-
Due from other funds	<u>118,211</u>	<u>44,789</u>	<u>-</u>
<b>Total assets</b>	<u><u>\$ 297,621</u></u>	<u><u>\$ 158,949</u></u>	<u><u>\$ 5,932</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 64,812	\$ 25,038
Accrued payroll and benefits	455	-	-
Due to other funds	437,619	-	-
Unearned revenue	<u>77,757</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>515,831</u>	<u>64,812</u>	<u>25,038</u>
<b>Fund balances:</b>			
Restricted:			
Street projects	-	-	-
Maintenance expenditures	-	-	-
Traffic signals and security cameras	-	-	-
Traffic flow improvements	-	-	-
Park improvements	-	94,137	-
Parks and water	-	-	-
Other purposes	-	-	-
Unassigned:	<u>(218,210)</u>	<u>-</u>	<u>(19,106)</u>
Total fund balances	<u>(218,210)</u>	<u>94,137</u>	<u>(19,106)</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 297,621</u></u>	<u><u>\$ 158,949</u></u>	<u><u>\$ 5,932</u></u>

**CITY OF ARVIN  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2011**

	<u>Federal Police Grant</u>	<u>JARC Operations Grant</u>	<u>Prop 84 Park</u>
<b>ASSETS</b>			
Cash and investments			
Unrestricted	\$ -	\$ -	\$ -
Receivables			
Accounts	101,400	8,593	-
Due from other funds	-	-	337,525
	<u>-</u>	<u>-</u>	<u>337,525</u>
<b>Total assets</b>	<u>\$ 101,400</u>	<u>\$ 8,593</u>	<u>\$ 337,525</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	69	-	73,594
Accrued payroll and benefits	13,204	822	1,016
Due to other funds	103,963	7,769	-
Unearned revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>117,236</u>	<u>8,591</u>	<u>74,610</u>
<b>Fund balances:</b>			
Restricted:			
Street projects	-	-	-
Maintenance expenditures	-	-	-
Traffic signals and security cameras	-	-	-
Traffic flow improvements	-	-	-
Park improvements	-	-	-
Parks and water	-	-	262,915
Other purposes	-	2	-
	<u>(15,836)</u>	<u>-</u>	<u>-</u>
Unassigned:	<u>(15,836)</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>(15,836)</u>	<u>2</u>	<u>262,915</u>
<b>Total liabilities and fund balances</b>	<u>\$ 101,400</u>	<u>\$ 8,593</u>	<u>\$ 337,525</u>

**CITY OF ARVIN  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2011**

	<u>USDA Cameras</u>	<u>Total Current Year</u>
<b>ASSETS</b>		
Cash and investments		
Unrestricted	\$ -	\$ 246,441
Receivables		
Accounts	44,001	633,450
Due from other funds	-	1,542,918
	<u>-</u>	<u>1,542,918</u>
<b>Total assets</b>	<u>\$ 44,001</u>	<u>\$ 2,422,809</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	-	257,039
Accrued payroll and benefits	-	37,627
Due to other funds	49,884	1,628,780
Unearned revenue	-	104,459
	<u>-</u>	<u>104,459</u>
Total liabilities	<u>49,884</u>	<u>2,027,905</u>
<b>Fund balances:</b>		
Restricted:		
Street projects	-	519,759
Maintenance expenditures	-	47,691
Traffic signals and security cameras	-	460,510
Traffic flow improvements	-	320,654
Park improvements	-	94,137
Parks and water	-	262,915
Other purposes	-	12,164
	<u>(5,883)</u>	<u>(1,322,926)</u>
Unassigned:	<u>(5,883)</u>	<u>(1,322,926)</u>
Total fund balances	<u>(5,883)</u>	<u>394,904</u>
<b>Total liabilities and fund balances</b>	<u>\$ 44,001</u>	<u>\$ 2,422,809</u>

**CITY OF ARVIN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR YEAR ENDED JUNE 30, 2011**

	State Gas Tax	Transportation Development (Non-transit)	COPS Program
<b>REVENUES</b>			
Taxes	\$ 425,366	\$ -	\$ -
Intergovernmental revenues	-	-	100,000
Fees and other revenues	-	130,527	-
Total revenues	<u>425,366</u>	<u>130,527</u>	<u>100,000</u>
<b>EXPENDITURES</b>			
Current			
General government	-	-	-
Public safety	-	-	92,644
Public works	340,633	22,017	-
Capital outlay			
Public works	-	62,069	-
Total expenditures	<u>340,633</u>	<u>84,086</u>	<u>92,644</u>
Excess (deficiency) of revenues over expenditures	<u>84,733</u>	<u>46,441</u>	<u>7,356</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	(47,311)	(117,096)	-
Total other financing sources and uses	<u>(47,311)</u>	<u>(117,096)</u>	<u>-</u>
<b>SPECIAL ITEM</b>			
Disallowed claims reimbursements	-	-	-
Net change in fund balances	<u>37,422</u>	<u>(70,655)</u>	<u>7,356</u>
Fund balances- beginning	<u>99,333</u>	<u>453,659</u>	<u>(16,115)</u>
Fund balances- ending	<u>\$ 136,755</u>	<u>\$ 383,004</u>	<u>\$ (8,759)</u>

**CITY OF ARVIN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR YEAR ENDED JUNE 30, 2011**

	LLMD Districts	Community Development Block Grant	TEA Funds
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-
Fees and other revenues	101,453	-	-
Total revenues	<u>101,453</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current			
General government	-	9,485	-
Public safety	-	-	-
Public works	86,093	-	-
Capital outlay			
Public works	-	-	91,112
Total expenditures	<u>86,093</u>	<u>9,485</u>	<u>91,112</u>
Excess (deficiency) of revenues over expenditures	<u>15,360</u>	<u>(9,485)</u>	<u>(91,112)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	47,311
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>47,311</u>
<b>SPECIAL ITEM</b>			
Disallowed claims reimbursements	-	-	(118,211)
Net change in fund balances	<u>15,360</u>	<u>(9,485)</u>	<u>(162,012)</u>
Fund balances- beginning	<u>32,331</u>	<u>380</u>	<u>(66,550)</u>
Fund balances- ending	<u>\$ 47,691</u>	<u>\$ (9,105)</u>	<u>\$ (228,562)</u>

**CITY OF ARVIN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR YEAR ENDED JUNE 30, 2011**

	CMAQ Grant	RSTP Funds	Asset Forfeiture Fund
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental revenues	18,688	-	-
Fees and other revenues	-	-	-
Total revenues	<u>18,688</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current			
General government	-	-	9,498
Public safety	-	-	-
Public works	-	-	-
Capital outlay			
Public works	140,228	63,180	19,000
Total expenditures	<u>140,228</u>	<u>63,180</u>	<u>28,498</u>
Excess (deficiency) of revenues over expenditures	<u>(121,540)</u>	<u>(63,180)</u>	<u>(28,498)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
<b>SPECIAL ITEM</b>			
Disallowed claims reimbursements	-	(443,938)	-
Net change in fund balances	<u>(121,540)</u>	<u>(507,118)</u>	<u>(28,498)</u>
Fund balances- beginning	<u>(115,835)</u>	<u>(67,090)</u>	<u>22,616</u>
Fund balances- ending	<u>\$ (237,375)</u>	<u>\$ (574,208)</u>	<u>\$ (5,882)</u>

**CITY OF ARVIN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR YEAR ENDED JUNE 30, 2011**

	Traffic Offender Fund	Prop 1B Fund	Traffic Impact Fees Fund
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental revenues	-	482,794	-
Fees and other revenues	3,780	-	377,719
Total revenues	<u>3,780</u>	<u>482,794</u>	<u>377,719</u>
<b>EXPENDITURES</b>			
Current			
General government	-	5,691	-
Public safety	-	7,247	-
Public works	-	-	-
Capital outlay			
Public works	-	694,489	-
Total expenditures	<u>-</u>	<u>707,427</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>3,780</u>	<u>(224,633)</u>	<u>377,719</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	110,000	-
Transfers out	-	(25,610)	(110,000)
Total other financing sources and uses	<u>-</u>	<u>84,390</u>	<u>(110,000)</u>
<b>SPECIAL ITEM</b>			
Disallowed claims reimbursements	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>3,780</u>	<u>(140,243)</u>	<u>267,719</u>
Fund balances- beginning	<u>8,382</u>	<u>600,753</u>	<u>52,935</u>
Fund balances- ending	<u>\$ 12,162</u>	<u>\$ 460,510</u>	<u>\$ 320,654</u>

**CITY OF ARVIN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR YEAR ENDED JUNE 30, 2011**

	ARRA Grant Fund	Park Fees Fund	PTMISEA Fence Grant
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental revenues	586,718	134,500	74,566
Fees and other revenues	-	-	-
Total revenues	<u>586,718</u>	<u>134,500</u>	<u>74,566</u>
<b>EXPENDITURES</b>			
Current			
General government	27,200	-	-
Public safety	-	-	21,186
Public works	-	1	-
Capital outlay			
Public works	437,312	64,812	185,921
Total expenditures	<u>464,512</u>	<u>64,813</u>	<u>207,107</u>
Excess (deficiency) of revenues over expenditures	<u>122,206</u>	<u>69,687</u>	<u>(132,541)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	179,096	-	-
Transfers out	(375,683)	-	-
Total other financing sources and uses	<u>(196,587)</u>	<u>-</u>	<u>-</u>
<b>SPECIAL ITEM</b>			
Disallowed claims reimbursements	-	-	-
Net change in fund balances	<u>(74,381)</u>	<u>69,687</u>	<u>(132,541)</u>
Fund balances- beginning	<u>(143,829)</u>	<u>24,450</u>	<u>113,435</u>
Fund balances- ending	<u>\$ (218,210)</u>	<u>\$ 94,137</u>	<u>\$ (19,106)</u>

**CITY OF ARVIN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR YEAR ENDED JUNE 30, 2011**

	Federal Police Grant	JARC Operations Grant	Prop 84 Park
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental revenues	67,979	18,277	503,155
Fees and other revenues	-	-	-
Total revenues	<u>67,979</u>	<u>18,277</u>	<u>503,155</u>
<b>EXPENDITURES</b>			
Current			
General government	-	18,275	-
Public safety	73,688	-	35,996
Public works	-	-	-
Capital outlay			
Public works	-	-	204,244
Total expenditures	<u>73,688</u>	<u>18,275</u>	<u>240,240</u>
Excess (deficiency) of revenues over expenditures	<u>(5,709)</u>	<u>2</u>	<u>262,915</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
<b>SPECIAL ITEM</b>			
Disallowed claims reimbursements	-	-	-
Net change in fund balances	<u>(5,709)</u>	<u>2</u>	<u>262,915</u>
Fund balances- beginning	<u>(10,127)</u>	<u>-</u>	<u>-</u>
Fund balances- ending	<u>\$ (15,836)</u>	<u>\$ 2</u>	<u>\$ 262,915</u>

**CITY OF ARVIN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR YEAR ENDED JUNE 30, 2011**

	<u>USDA Cameras</u>	<u>Total Current Year</u>
<b>REVENUES</b>		
Taxes	\$ -	\$ 425,366
Intergovernmental revenues	44,001	2,030,678
Fees and other revenues	-	613,479
Total revenues	<u>44,001</u>	<u>3,069,523</u>
<b>EXPENDITURES</b>		
Current		
General government	-	70,149
Public safety	-	230,761
Public works	-	448,744
Capital outlay		
Public works	49,884	2,012,251
Total expenditures	<u>49,884</u>	<u>2,761,905</u>
Excess (deficiency) of revenues over expenditures	<u>(5,883)</u>	<u>307,618</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	336,407
Transfers out	-	(675,700)
Total other financing sources and uses	<u>-</u>	<u>(339,293)</u>
<b>SPECIAL ITEM</b>		
Disallowed claims reimbursements	-	(562,149)
Net change in fund balances	<u>(5,883)</u>	<u>(593,824)</u>
Fund balances- beginning	-	988,728
Fund balances- ending	<u>\$ (5,883)</u>	<u>\$ 394,904</u>