

City of Arvin

Arvin, California

Independent Auditors' Report and Basic Financial Statements

For the year ended June 30, 2013

Prepared By
Finance Department
of the City of Arvin

City of Arvin
Basic Financial Statements
For the year ended June 30, 2013

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	7
Statement of Activities and Changes in Net Position	8
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet	14
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances	16
Reconciliation of the Governmental Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position	17
Proprietary Fund Financial Statements:	
Statement of Net Position	20
Statement of Revenues, Expenses and Changes in Net Position	21
Statement of Cash Flows	22
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	24
Statement of Changes in Fiduciary Net Position	25
Notes to Basic Financial Statements	27
Required Supplementary Information:	
Budgetary Information	60
Budgetary Comparison Schedules:	
General Fund	61
Community Development Block Grant Fund	62
TEA Fund	63
Schedules of Funding Progress:	
PERS	64
Supplementary Information:	
Non-Major Governmental Funds:	
Combining Balance Sheet	69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	73

This page intentionally left blank



9 Corporate Park
Suite 130
Irvine, California 92606
Phone: (949) 777-8800
Fax: (949) 777-8850
www.pm-llp.com

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of Arvin
Arvin, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Arvin, California (the "City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to previously 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, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Honorable Mayor and Members of the City Council
of the City of Arvin
Arvin, California
Page 2

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that Fund Budgetary Comparison Schedules and Schedules of Funding Progress for Pensions on page 58 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The Combining and Individual Nonmajor Fund Financial Statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Nonmajor Fund Financial Statements on pages 65 through 77 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2014, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.



Irvine, California
March 25, 2014

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This page intentionally left blank.

City of Arvin
Statement of Net Position
June 30, 2013

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Pooled cash and investments	\$ 1,480,285	\$ 1,008,517	\$ 2,488,802
Cash and investments with fiscal agents	-	760,341	760,341
Receivables:			
Accounts	2,367,666	103,073	2,470,739
Taxes	57,113	-	57,113
Interest	38	-	38
Prepaid items	2,515	-	2,515
Due from other governments	416,887	474,383	891,270
Internal balances	602,443	(602,443)	-
Total current assets	4,926,947	1,743,871	6,670,818
Noncurrent assets:			
Land held for development	3,752,867	-	3,752,867
Notes Receivable - Successor Agency	880,734	-	880,734
Capital assets:			
Non-depreciable	4,648,127	906,245	5,554,372
Depreciable, net	7,150,609	7,142,717	14,293,326
Total capital assets	11,798,736	8,048,962	19,847,698
Total noncurrent assets	16,432,337	8,048,962	24,481,299
Total assets	21,359,284	9,792,833	31,152,117
LIABILITIES			
Current liabilities:			
Accounts payable	1,347,586	129,366	1,476,952
Accrued payroll	229,638	6,738	236,376
Deposits	174,570	-	174,570
Retentions payable	65,804	-	65,804
Compensated absences - due within one year	154,489	9,040	163,529
Long-term debt - due within one year	3,072	122,023	125,095
Total current liabilities	1,975,159	267,167	2,242,326
Noncurrent liabilities:			
Long-term debt - due in more than one year	12,035	4,701,594	4,713,629
Total noncurrent liabilities	12,035	4,701,594	4,713,629
Total liabilities	1,987,194	4,968,761	6,955,955
NET POSITION			
Net investment in capital assets	11,798,736	3,225,345	15,024,081
Restricted:			
Low and Moderate Housing	81,917	-	81,917
Special Revenue	858,671	-	858,671
Total restricted	940,588	-	940,588
Unrestricted	6,632,766	1,598,727	8,231,493
Total net position	\$ 19,372,090	\$ 4,824,072	\$ 24,196,162

City of Arvin
Statement of Activities and Changes in Net Position
For the year ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 1,167,331	\$ 231,160	\$ -	\$ 20,000	\$ 251,160
Public safety	3,179,195	105,749	188,460	-	294,209
Public works	676,601	-	416,408	1,458,978	1,875,386
Community development	380,266	20,566	4,800	-	25,366
Transit	-	-	-	598,204	598,204
Interest on long-term debt	-	-	-	-	-
Total governmental activities	<u>5,403,393</u>	<u>357,475</u>	<u>609,668</u>	<u>2,077,182</u>	<u>3,044,325</u>
Business-type activities:					
Transportation development	650,879	68,012	588,284	-	656,296
Sanitation	2,185,776	2,087,874	-	-	2,087,874
Enterprise zone	5,377	-	-	-	-
Total business-type activities	<u>2,842,032</u>	<u>2,155,886</u>	<u>588,284</u>	<u>-</u>	<u>2,744,170</u>
Total primary government	<u><u>\$ 8,245,425</u></u>	<u><u>\$ 2,513,361</u></u>	<u><u>\$ 1,197,952</u></u>	<u><u>\$ 2,077,182</u></u>	<u><u>\$ 5,788,495</u></u>

City of Arvin
Statement of Activities and Changes in Net Position (Continued)
For the year ended June 30, 2013

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	(916,171)	\$ -	\$ (916,171)
Public safety	(2,884,986)	-	(2,884,986)
Public works	1,198,785	-	1,198,785
Community development	(354,900)	-	(354,900)
Transit	598,204	-	598,204
Interest on long-term debt	-	-	-
Total governmental activities	(2,359,068)	-	(2,359,068)
Business-type activities:			
Transportation development	-	5,417	5,417
Sanitation	-	(97,902)	(97,902)
Enterprise zone	-	(5,377)	(5,377)
Total business-type activities	-	(97,862)	(97,862)
Total primary government	(2,359,068)	(97,862)	(2,456,930)
 General Revenues and Transfers:			
General revenues:			
Taxes:			
Property taxes	530,882	-	530,882
Sales taxes	1,863,887	-	1,863,887
Franchise tax	598,136	-	598,136
Highway users tax	436,570	-	436,570
Utility users tax	176,665	-	176,665
Vehicle license fee in lieu tax	1,332,911	-	1,332,911
Total taxes	4,939,051	-	4,939,051
Investment earnings	11,597	454	12,051
Licenses and permits	130,965	-	130,965
Revenue from use of money and property	44,053	-	44,053
Fees and other revenues	187,658	-	187,658
Fines and penalties	33,815	-	33,815
Miscellaneous revenue	2,749	20,700	23,449
Transfers	(128,505)	128,505	-
Total general revenues and transfers	5,221,383	149,659	5,371,042
Change in net position	2,862,315	51,797	2,914,112
 Net Position:			
Beginning of year, as restated (Note 13)	16,509,775	4,772,275	21,282,050
End of year	\$ 19,372,090	\$ 4,824,072	\$ 24,196,162

This page intentionally left blank.

FUND FINANCIAL STATEMENTS

This page intentionally left blank.

Governmental Fund Financial Statements

General Fund - The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

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

TEA Special Revenue Fund - 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.

**City of Arvin
Balance Sheet
Governmental Funds
June 30, 2013**

	Major Funds			Non-major Governmental Funds	Total Governmental Funds
	General	Community Development Block Grant	TEA		
ASSETS					
Pooled cash and Investments	\$ 552,501	\$ -	\$ -	\$ 927,784	\$ 1,480,285
Receivables:					
Accounts	673,666	286,323	800,000	607,677	2,367,666
Taxes	57,113	-	-	-	57,113
Interest	38	-	-	-	38
Due from other funds	1,938,765	-	402,135	-	2,340,900
Due from other governments	1,852	-	-	415,035	416,887
Due from Successor Agency	880,734	-	-	-	880,734
Prepaid items	2,515	-	-	-	2,515
Land held for development	3,752,867	-	-	-	3,752,867
Total assets	\$ 7,860,051	\$ 286,323	\$ 1,202,135	\$ 1,950,496	\$ 11,299,005
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 367,463	\$ 357,514	\$ 580,228	\$ 42,381	\$ 1,347,586
Accrued Payroll and Benefits	222,329	-	-	7,309	229,638
Deposits	174,570	-	-	-	174,570
Retention Payable	-	17,011	48,793	-	65,804
Due to other funds	-	20,653	615,367	1,102,437	1,738,457
Total liabilities	764,362	395,178	1,244,388	1,152,127	3,556,055
Fund Balances:					
Nonspendable	4,636,116	-	-	-	4,636,116
Restricted	-	-	-	940,588	940,588
Unassigned	2,459,573	(108,855)	(42,253)	(142,219)	2,166,246
Total fund balances	7,095,689	(108,855)	(42,253)	798,369	7,742,950
Total liabilities and fund balances	\$ 7,860,051	\$ 286,323	\$ 1,202,135	\$ 1,950,496	\$ 11,299,005

City of Arvin
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2013

Total Fund Balances - Total Governmental Funds \$ 7,742,950

Amounts reported for Governmental Activities in the Statement of Net Position were different because:

Capital Assets used in the governmental activities were not financial resources and therefore were not reported in the Governmental Funds Balance Sheet.

Government-Wide Statement of Net Position	11,798,736
Total capital assets	11,798,736

Long-term liabilities were not due and payable in the current period and therefore were not reported in the Governmental Funds Balance Sheet.

Amount reported in Government-Wide Statement of Net Position	
Compensated absences - due within one year	(154,489)
Long-term debt - due within one year	(3,072)
Long-term debt - due in more than one year	(12,035)
Total long-term liabilities	(169,596)

Net Position of Governmental Activities **\$ 19,372,090**

City of Arvin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2013

	Major Funds			Non-major Governmental Funds	Total Governmental Funds
	General	Community Development Block Grant	TEA		
REVENUES:					
Property taxes and special assessments	\$ 530,882	\$ -	\$ -	\$ 563,975	\$ 1,094,857
Property tax in lieu of VLF	1,332,911	-	-	-	1,332,911
Sales tax	1,669,931	-	-	-	1,669,931
Franchise tax	598,136	-	-	-	598,136
Vehicle license tax	204,131	-	-	-	204,131
Other taxes	139	-	-	-	139
Licenses, permits and fees	160,238	-	-	57,570	217,808
Fines, forfeitures and penalties	8,715	-	-	2,009	10,724
Investment income	11,597	-	-	-	11,597
Lease revenue	217,118	-	-	-	217,118
Intergovernmental	98,325	338,698	800,000	1,443,768	2,680,791
Charges for current services	322,216	-	-	-	322,216
Other	33,644	160	50	-	33,854
Total revenues	5,187,983	338,858	800,050	2,067,322	8,394,213
EXPENDITURES:					
Current:					
General government	1,201,556	-	-	41,729	1,243,285
Public safety	2,846,403	-	-	254,849	3,101,252
Public works	182,527	24,186	7,090	450,094	663,897
Planning/community development	229,933	-	-	-	229,933
Capital outlay	146,431	413,979	1,142,762	371,802	2,074,974
Total expenditures	4,606,850	438,165	1,149,852	1,118,474	7,313,341
REVENUES OVER (UNDER) EXPENDITURE	581,133	(99,307)	(349,802)	948,848	1,080,872
OTHER FINANCING SOURCES (USES):					
Transfers In	-	-	402,135	280,168	682,303
Transfers Out	(111,235)	-	-	(699,573)	(810,808)
Total other financing sources (uses)	(111,235)	-	402,135	(419,405)	(128,505)
NET CHANGE IN FUND BALANCES	469,898	(99,307)	52,333	529,443	952,367
FUND BALANCES:					
Beginning of year	6,625,791	(9,548)	(94,586)	268,926	6,790,583
End of year	\$ 7,095,689	\$ (108,855)	\$ (42,253)	\$ 798,369	\$ 7,742,950

City of Arvin
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position
For the year ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds	\$	952,367
Amounts reported for governmental activities in the Statement of Activities were different because:		
Governmental funds reported capital outlay as expenditures. Capital outlay expenditures are included in the Statement of Revenues, Expenditures, and Changes in Fund Balances throughout various departments. However, in the Government-Wide Statement of Activities and Changes in Net Position the cost of those assets was allocated over their estimated useful lives as depreciation expenses. This is the amount of capital assets recorded in the current period.		2,275,802
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources.		(365,415)
Repayment of long-term debt was an expenditures in governmental funds, but the repayment reduced long-term debt in the Government-Wide Statement of Net Assets.		256
Certain long-term liabilities were reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, long-term liabilities were not reported as expenditures in governmental funds. These amounts represented the changes in long-term liabilities from prior year.		
Changes in compensated absences		(695)
Change in Net Position of Governmental Activities	\$	<u>2,862,315</u>

This page intentionally left blank.

Proprietary Fund Financial Statements

Transportation Development Fund - accounts for financial activity related to the public transit services provided by the City.

Sanitation Fund - accounts for the financial activity of the waste water services of the City. These services are provided through contracts with independent contractors.

Enterprise Zone Fund - accounts for the financial activity related to the Enterprise Zone tax credit. (Non-Major Fund)

City of Arvin
Statement of Net Position
Proprietary Funds
June 30, 2013

	Major Funds		Non-Major Fund	
	Transportation Development	Sanitation	Enterprise Zone	Total
ASSETS				
Current assets:				
Pooled cash and investments	\$ -	\$ 990,049	\$ 18,468	\$ 1,008,517
Restricted cash and investments with fiscal agent	-	760,341	-	760,341
Accounts receivable	82,664	20,409	-	103,073
Due from Other Funds	-	-	-	-
Due from other governments	474,383	-	-	474,383
Total current assets	557,047	1,770,799	18,468	2,346,314
Noncurrent assets:				
Capital assets:				
Non-depreciable	-	906,245	-	906,245
Depreciable, net	590,034	6,552,683	-	7,142,717
Total capital assets	590,034	7,458,928	-	8,048,962
Total noncurrent assets	590,034	7,458,928	-	8,048,962
Total assets	1,147,081	9,229,727	18,468	10,395,276
LIABILITIES				
Current liabilities:				
Accounts payable	14,539	114,827	-	129,366
Accrued payroll and benefits	6,236	502	-	6,738
Due to other funds	602,443	-	-	602,443
Accrued compensated absences	9,040	-	-	9,040
Long-term debt, due within one year	-	122,023	-	122,023
Total current liabilities	632,258	237,352	-	869,610
Noncurrent liabilities:				
Long-term debt, due in more than one year	-	4,701,594	-	4,701,594
Total noncurrent liabilities	-	4,701,594	-	4,701,594
Total liabilities	632,258	4,938,946	-	5,571,204
NET POSITION				
Net investment in capital assets	590,034	2,635,311	-	3,225,345
Unrestricted	(75,211)	1,655,470	18,468	1,598,727
Total net position	\$ 514,823	\$ 4,290,781	\$ 18,468	\$ 4,824,072

City of Arvin
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2013

	Major Funds		Non-Major Fund	
	Transportation Development	Sanitation	Enterprise Zone	Total
OPERATING REVENUES:				
Charges for services	\$ 68,012	\$ 2,087,874	\$ -	\$ 2,155,886
Other	-	13,000	7,700	20,700
Total operating revenues	68,012	2,100,874	7,700	2,176,586
OPERATING EXPENSES:				
Salaries and benefits	292,739	14,234	-	306,973
Vehicle operations	95,720	-	-	95,720
Sanitation operations	-	1,288,322	-	1,288,322
General and administrative	111,974	372,409	-	484,383
Miscellaneous	-	-	5,377	5,377
Depreciation	150,446	240,272	-	390,718
Total operating expenses	650,879	1,915,237	5,377	2,571,493
OPERATING INCOME (LOSS)	(582,867)	185,637	2,323	(394,907)
NONOPERATING REVENUES (EXPENSES):				
Interest income	-	454	-	454
Interest expense	-	(270,539)	-	(270,539)
Grants	588,284	-	-	588,284
Total nonoperating revenues (expenses)	588,284	(270,085)	-	318,199
INCOME (LOSS) BEFORE TRANSFERS	5,417	(84,448)	2,323	(76,708)
TRANSFERS:				
Transfers in	291,555	-	-	291,555
Transfers out	(163,050)	-	-	(163,050)
Total transfers	128,505	-	-	128,505
Change in net position	133,922	(84,448)	2,323	51,797
NET POSITION:				
Beginning of year	380,901	4,375,229	16,145	4,772,275
End of year	<u>\$ 514,823</u>	<u>\$ 4,290,781</u>	<u>\$ 18,468</u>	<u>\$ 4,824,072</u>

City of Arvin
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2013

	Major Funds		Non-Major Fund	
	Transportation Development	Sanitation	Enterprise Zone	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers/other funds	\$ 552,165	\$ 2,103,868	\$ 7,700	\$ 2,663,733
Cash payments to suppliers for goods and services	(204,804)	(1,652,376)	-	(1,857,180)
Cash payments to employees for services	(298,212)	(14,213)	-	(312,425)
Other operating revenues and expenses	-	-	(5,377)	(5,377)
Net cash provided (used) by operating activities	49,149	437,279	2,323	488,751
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Subsidy from Local Transportation Fund	113,901	-	-	113,901
Transfers out	(163,050)	-	-	(163,050)
Net cash provided (used) by noncapital financing activities	(49,149)	-	-	(49,149)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(291,555)	-	-	(291,555)
Transfers in to finance construction of capital assets	291,555	-	-	291,555
Principal reduction of debt	-	(115,465)	-	(115,465)
Interest expense	-	(270,539)	-	(270,539)
Net cash provided (used) by capital and related financing activities	-	(386,004)	-	(386,004)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest from investments	-	454	-	454
Net cash provided (used) by investing activities	-	454	-	454
Net increase (decrease) in cash and cash equivalents	-	51,729	2,323	54,052
CASH AND CASH EQUIVALENTS:				
Beginning of year	-	1,698,661	16,145	1,714,806
End of year	\$ -	\$ 1,750,390	\$ 18,468	\$ 1,768,858
RECONCILIATION TO STATEMENT OF CASH POSITION:				
Cash and investments	\$ -	\$ 990,049	\$ 18,468	\$ 1,008,517
Restricted cash and investments with fiscal agents	-	760,341	-	760,341
Total cash and cash equivalents	\$ -	\$ 1,750,390	\$ 18,468	\$ 1,768,858
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (582,867)	\$ 185,637	\$ 2,323	\$ (394,907)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	150,446	240,272	-	390,718
Accounts receivable	(76,913)	2,994	-	(73,919)
Due from other funds	9,811	-	-	9,811
Accounts payable	2,890	8,355	-	11,245
Accrued payroll	(14,513)	21	-	(14,492)
Accrued compensated absences	9,040	-	-	9,040
Due to other funds	551,255	-	-	551,255
Total adjustments	632,016	251,642	-	883,658
Net cash provided (used) by operating activities	\$ 49,149	\$ 437,279	\$ 2,323	\$ 488,751

Fiduciary Fund Financial Statements

Successor Agency to the Arvin Community Redevelopment Agency Private Purpose Trust Fund – This fund is used to account for monies received from the Kern County Auditor Controller for the repayment of the enforceable obligations of the former Arvin Community Redevelopment Agency. These funds are restricted for the sole purpose of payment of items on an approved Recognized Payment Obligation Schedule (ROPS).

City of Arvin
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

Successor Agency
to the Arvin Community
Redevelopment Agency
Private-purpose
Trust Fund

ASSETS

Cash and investments:		
Held in city treasury	\$	189,900
Held with trustees		424,304
Accounts receivable		11,698
Cost of issuance of bonds, net		134,922
Capital assets:		
Non-depreciable		378,863
Depreciable, net		1,207,708
Total assets		2,347,395

LIABILITIES

Accounts payable		63,245
Interest payable		163,021
Due to City of Arvin		880,734
Long-term debt:		
Due within one year		157,788
Due in more than one year		8,418,609
Total liabilities		9,683,397

NET POSITION (DEFICIT)

Unrestricted (deficit)		(7,336,002)
Total net position (deficit)	\$	(7,336,002)

City of Arvin
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2013

	Successor Agency to the Arvin Community Redevelopment Agency Private-purpose Trust Fund
ADDITIONS:	
Property taxes	\$ 612,931
Revenue from use of money and property	2,928
Total additions	615,859
DEDUCTIONS:	
Program expenses for redevelopment	20,589
Administrative expenses	70,036
Interest and fiscal agency expenses	496,341
Depreciation expense	77,424
Total deductions	664,390
Change in net position	(48,531)
NET POSITION (DEFICIT):	
Beginning of year, as restated (Note 13)	(7,287,471)
End of year	\$ (7,336,002)

This page intentionally left blank.

City of Arvin
Notes to Basic Financial Statements
For the year ended June 30, 2013

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
1	Reporting Entity and Summary of Significant Accounting Policies	29
2	Cash and Investments	38
3	Interfund Balances and Transactions	42
4	Capital Assets	43
5	Long-Term Debt	46
6	Compensated Absences	50
7	Retirement Plans	50
8	Risk Management and Self-Insurance	52
9	Other Required Fund Disclosures	53
10	Excess Expenditures over Appropriations	53
11	Classification of Fund Balances	54
12	Commitments and Contingencies	54
13	Prior Period Adjustments	56

This page intentionally left blank

City of Arvin
Notes to Basic Financial Statements
For the year ended June 30, 2013

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

The basic financial statements of the City of Arvin, California (the “City”) have been prepared in conformity with accounting principles generally accepted of the United States of America (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below.

A. Reporting Entity

The 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 financial reporting entity consists of the primary government, the City, and its component units. Component units are legally separate entities for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government is accountable and their exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Blended component units, although legally separate entities, are, in substance part of the government’s operation and so data from these units are combined with data of the primary government. Discretely presents component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

The City Council acts as the governing body and is able to impose its will on the following organizations, establishing financial accountability. As a result, these organizations are considered component units of the City and are included within the financial statements of the City using the blended method. All component units have a June 30 year-end. The City has no discretely presented component units.

Arvin Joint Powers Financing Authority - The Arvin Joint Powers Financing Authority (Authority) was organized by the City and the Agency on October 6, 2005, under the laws of the State of California and operates pursuant to the Joint Exercise of Powers Act (Article 1, commencing with Section 6500, of Chapter 5, Division 7, Title 1 of the Government Code of the State).

B. Basis of Accounting and 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.

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

In 2013, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These financial 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, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. 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.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities and Changes in Net Position, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Transfers in/out

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 Position as presented in these statements to the Net Position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

All governmental funds are accounted for on 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 the Balance Sheet. 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.

Revenues are recorded when received in cash, except for that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Revenues from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the Balance Sheet and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The City reports the following major Governmental Funds:

General Fund - The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

Community Development Block Grant Special Revenue Fund - Accounts for expenditures restricted for approved projects that have been funded by U.S. Department of Housing and Urban Development Community Development Block Grant pass through County of Kern.

TEA Special Revenue Fund - 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.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major Proprietary Fund.

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total Net Position. 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. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary 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.

The City reports the following major Proprietary Funds:

Transportation Development Fund - accounts for financial activity related to the public transit services provided by the City.

Sanitation Fund - accounts for the financial activity of the wastewater services of the City. These services are provided through contracts with independent contractors.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City's Fiduciary Funds represent the Private Purpose Trust Fund.

The City reports the following Private Purpose Trust fund:

Successor Agency to the Arvin Community Redevelopment Agency Fund – accounts for monies received from the Kern County Auditor Controller for the repayment of the enforceable obligations of the former Arvin Community Redevelopment Agency. These funds are restricted for the sole purpose of payment of items on an approved Recognized Payment Obligation Schedule (ROPS).

C. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

Certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents and Investments (Continued)

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-backed Securities are subject to market risk as to change in interest rates.

For purpose of the statement of cash flows, cash equivalents are defined as investments with original maturities of 90 days or less, which are readily convertible to known amounts of cash. The City considers all pooled cash and investments held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all cash and investments with fiscal agent as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

D. Cash and Investments with Fiscal Agents

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects.

E. Prepaid Items

Certain payments to vendors applicable to future accounting periods are recorded as prepaid items. Prepaid items do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reserved.

F. Land Held for Development

The City has acquired several parcels of land as part of its primary purpose to develop or redevelop properties. The City records these parcels as investments in land in its financial records. The property is being carried in the General Fund at the lower of cost or estimated net realizable value. At June 30, 2013, the carrying amount for investments in land totaled \$3,752,867.

G. Interfund Transactions

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

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

H. Capital Assets

Capital assets, which include land, buildings, improvements, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Gifts or contributions of capital assets are recorded at fair market value when received. City policy has set the capitalization threshold for reporting capital assets at \$5,000. 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 is considered a Phase 3 government under GASB Statement No. 34. Under GASB Statement No. 34, Phase 3 governments are encouraged but are not required to report major general infrastructure assets retroactively. The City implemented GASB Statement No. 34 for the year June 30, 2004 and has chosen not to capitalize general infrastructure retroactively. Gifts or contributions of capital assets are recorded at fair value when received. For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. 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.

I. Compensated Absences

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.

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

K. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other long-term obligations are reported as liabilities in the appropriate activities.

Fund Financial Statements

The Governmental Fund Financial Statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

Proprietary Fund and Fiduciary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements.

L. Net Position

In the government-wide financial statements and the proprietary fund financial statements, net position are classified in the following categories:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

M. Fund Balances

In the governmental fund financial statements, fund balances are classified in the following categories:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City.

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

M. Fund Balances (Continued)

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government’s intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized the City Manager and the Director of Finance for that purpose.

Unassigned – This category is for any balances that have no restrictions placed upon them.

N. Spending Policy

Government-Wide Financial Statements and the Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

When expenditures are incurred for purposes for which all restricted, committed, assigned and unassigned fund balances are available, the City’s policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance:

- Restricted
- Committed
- Assigned
- Unassigned

O. Property Taxes

In 1978, a State constitutional amendment (Article XIII A) provided that the ad valorem real property tax rate be limited to 1% of market value and be levied only by the county and shared with all other jurisdictions. The County of Kern collects the property taxes and distributes them to taxing jurisdictions on the basis of the taxing jurisdictions’ assessed valuations, subject to adjustments for voter-approved debt. Property taxes are formally due on November 1 and February 1 and become delinquent as of December 10 and April 10, respectively. Taxes become a lien on the property effective March 1 of the preceding year.

P. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted of the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Q. Accounting Changes

GASB has issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements (“SCA”)*. The requirements of this statement improve financial reporting by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. This statement became effective for periods beginning after December 15, 2011 and did not have a significant impact on the City’s financial statements for the year ended June 30, 2013.

GASB has issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. The requirements of this statement result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This statement became effective for periods beginning after June 15, 2012 and did not have a significant impact on the City’s financial statements for year ended June 30, 2013.

GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement combines the authoritative accounting and financial reporting of the FASB and the American Institute of Certified Public Accountants (“AICPA”). The statement eliminates the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments. This statement became effective for period beginning after December 15, 2011 and did not have a significant impact on the City’s financial statements for the year ended June 30, 2013.

GASB has issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The requirement of this statement standardizes the presentation of the deferred inflows and outflows of resources and their effects on a government’s net position. This statement became effective for periods beginning after December 15, 2011. The implementation of this statement to the City was limited to renaming of “Net Assets” to “Net Position”.

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 2 – Cash and Investments

The following is a summary of pooled cash and investments, including cash and investments with fiscal agents at June 30, 2013.

	Government-Wide Statement of Net Position			Fiduciary Funds	
	Governmental Activities	Business-Type Activities	Total	Statement of Net Position	Total
Cash and investments	\$ 1,480,285	\$ 1,008,517	\$ 2,488,802	\$ 189,900	\$ 2,678,702
Restricted cash and investments held by fiscal agents	-	760,341	760,341	424,304	1,184,645
Total	\$ 1,480,285	\$ 1,768,858	\$ 3,249,143	\$ 614,204	\$ 3,863,347

Cash, cash equivalents and investments consisted of the following at June 30, 2013:

Petty cash	\$ 305
Deposit with financial institution	511,268
Investments	2,167,129
Investments held by fiscal agents	1,184,645
Total	\$ 3,863,347

A. Deposits

At June 30, 2013, the carrying amount of the City's deposits was \$511,268 and the bank balances were \$660,425. The total bank balance was covered by federal depository insurance or by collateral held by the City's agent 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 cash 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 pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 2 – Cash and Investments (Continued)

B. Investments

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Bankers' Acceptance	180 days	40%	30%
Negotiable Certificates of Deposits	5 years	30%	5%
Commercial Paper	270 days	25%	10%
State and Local Agency Bond Issues	5 years	None	10%
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Repurchase Agreement	90 days	None	10%
Reverse-Purchase Agreements	92 days	20%	10%
Medium-Term Corporate Notes	5 years	30%	10%
Time Certificates of Deposits	3 years	None	10%
Money Market Funds	N/A	15%	10%
Local Agency Investment Fund (LAIF)	N/A	None	\$50 Million**
Investment Trust of California (CalTrust)	N/A	None	10%

* Excluding amounts held by bond trustee that are not subject to California Government Code restriction.

** Maximum is \$50 million per account.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreement rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Certificates of Deposit	None	None	None
Repurchase Agreements	None	None	None
Mortgage Pass-Through Securities	None	None	None
State Bonds or Notes	None	None	None
Municipal Bonds or Notes	None	None	None

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 2 – Cash and Investments (Continued)

C. Risks Disclosures

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At June 30, 2013, the City's investments had the following maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>	
		<u>(In Years)</u>	
		<u>1 year or less</u>	
Money Market	\$ 1,041,866	\$	1,041,866
Local Agency Investment Funds	62,039		62,039
External Investment Pool	1,063,224		1,063,224
Total	<u>\$ 2,167,129</u>	<u>\$</u>	<u>2,167,129</u>
Percentage of Portfolio			<u>100.00%</u>

Credit Risk - It is the City's policy that commercial paper have a rating of "A-1" or higher by a nationally recognized statistical rating organization (NRSRO) and with a maturity date not exceeding 270 days from the date of purchase. Medium-term notes, with a final maturity not exceeding four years from the date of purchase, must have a rating of AA or the equivalent by a NRSRO. Medium-term notes with a final maturity exceeding four years from the date of purchase shall be rated at least AA or the equivalent by a NRSRO at the time of purchase. According to the City's investment policy, the aggregate investment in medium-term notes will not exceed 10% of the City's total portfolio. Federal instrumentalities must have a rating of AA or the equivalent by a NRSRO at the time of purchase. The Local Agency Investment Fund (LAIF), administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Moody's</u>	<u>Standard & Poor's</u>
Money Market	\$ 1,041,866	Aaa	AAA
Local Agency Investment Funds	62,039	Not Rated	Not Rated
External Investment Pool	1,063,224	Not Rated	Not Rated
Total	<u>\$ 2,167,129</u>		

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities, with the exception of the Certificates of Deposits, money market funds and LAIF, are held by a third-party custodian (Union Bank of California Trust Division). Union Bank is a registered member of the Federal Reserve Bank. The securities held by Union Bank are in street name, and an account number assigned to the City identifies ownership.

Concentration of Credit Risk - The City's investment policy contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City's investments are as follows:

<u>Issuer</u>	<u>Type of Investments</u>	<u>Amounts</u>
Morgan Stanley Bank N.A.	Money Market Fund	\$ 796,866
Morgan Stanley PrivateBank N.A.	Money Market Fund	245,000
San Joaquin Valley Risk Management Authority Investment Pool	External Investment Pool	1,063,224

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 2 – Cash and Investments (Continued)

C. Investment in Local Agency Investment Fund

The City's investments with LAIF at June 30, 2013, included a small portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

Structured Notes – debt securities (other than asset-back securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities – generally mortgage-backed securities which entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

As of June 30, 2013, the City had \$62,039 invested in LAIF, which had invested 1.96% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF as of June 30, 2013, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. The credit quality rating of LAIF is unrated as of June 30, 2013.

D. Investment in Central San Joaquin Valley Risk Management Authority Investment Pool

The City invested \$1,070,241 into an investment pool account with the Central San Joaquin Valley Risk Management Authority (CSJVRMA). At June 30, 2013 this account was valued at \$1,063,224. The City received an average yield of 0.08% for the fiscal year ended June 30, 2013 on this investment.

E. Cash and Investments with Fiscal Agents

At June 30, 2013, cash and investments with fiscal agents were as follows:

		<u>Funds Held By</u>
Business-Type Activities:		
Sanitation Fund		
Deposits Veolia Water Operating Account	\$ 760,341	Union Bank of California
Fiduciary Fund Financial Statements:		
Successor Agency		
Tax Allocation Bonds 2005 Series	199,160	Wells Fargo Bank
Tax Allocation Bonds 2008 Series	225,144	Wells Fargo Bank
Total cash and investments with fiscal agents	<u>\$ 1,184,645</u>	

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 3 – Interfund Balances and Transactions

Due to/Due from other funds

At June 30, 2013, interfund receivables and payables were as follows:

Due to other funds	Due from other funds	
	General	
	Fund	
Community Development Block Grant	\$	20,653
TEA		615,367
Nonmajor Governmental Fund		1,102,437
Transportation Development Enterprise Fund		602,443
Total	\$	2,340,900

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

Transfers In/Out

For the year ended June 30, 2013, transfers in and out consisted of the followings:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$ -	\$ 111,235
TEA Fund	402,135	-
Non-Major Governmental Funds	280,168	699,573
Proprietary Funds:		
Transportation Development Enterprise Fund	291,555	163,050
Total	\$ 973,858	\$ 973,858

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.

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 4 – Capital Assets

A. Government-Wide Financial Statements

Summary of changes in capital assets for governmental activities for the year ended June 30, 2013 are as follows:

	Balance July 1, 2012	Additions	Deletions	Transfers	Balance June 30, 2013
Governmental Activities:					
Capital assets, not being depreciated					
Land	\$ 234,035	\$ -	\$ -	-	\$ 234,035
Construction in progress	2,907,166	2,173,420	-	(666,494)	4,414,092
Total capital assets, not being depreciated	3,141,201	2,173,420	-	(666,494)	4,648,127
Capital assets, being depreciated					
Building and improvements	5,147,158	-	-	-	5,147,158
Machinery and equipment	1,465,407	35,644	-	-	1,501,051
Automotive equipment	1,510,099	77,994	-	-	1,588,093
Infrastructure	3,000,610	4,107	-	666,494	3,671,211
Total capital assets, being depreciated	11,123,274	117,745	-	666,494	11,907,513
Accumulated depreciation:					
Building and improvements	(1,661,658)	(124,830)	-	-	(1,786,488)
Machinery and equipment	(1,131,972)	(37,802)	-	-	(1,169,774)
Automotive equipment	(1,278,016)	(114,649)	-	-	(1,392,665)
Infrastructure	(319,843)	(88,134)	-	-	(407,977)
Total accumulated depreciation	(4,391,489)	(365,415)	-	-	(4,756,904)
Total capital assets, being depreciated, net	6,731,785	(247,670)	-	666,494	7,150,609
Total capital assets, net	\$ 9,872,986	\$ 1,925,750	\$ -	\$ -	\$ 11,798,736

Depreciation expense was charged to functions/programs as follows:

General government	\$ 124,435
Public safety	77,943
Public works	12,704
Community development	150,333
Total depreciation expenses	\$ 365,415

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 4 – Capital Assets (Continued)

B. Business-Type Financial Statements

Summary of changes in capital assets for business-type activities for the year ended June 30, 2013 are as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Business-Type Activities:				
Capital assets, not being depreciated				
Land	\$ 906,245	\$ -	\$ -	906,245
Total capital assets, not being depreciated	906,245	-	-	906,245
Capital assets, being depreciated				
Building and improvements	4,216,103	-	-	4,216,103
Machinery and equipment	115,226	-	-	115,226
Automotive equipment	1,121,217	291,555	(503,616)	909,156
Infrastructure	5,903,462	-	-	5,903,462
Total capital assets, being depreciated	11,356,008	291,555	(503,616)	11,143,947
Accumulated depreciation:				
Building and improvements	(1,675,608)	(103,701)	-	(1,779,309)
Machinery and equipment	(51,875)	(11,911)	-	(63,786)
Automotive equipment	(737,416)	(137,816)	503,616	(371,616)
Infrastructure	(1,649,229)	(137,290)	-	(1,786,519)
Total accumulated depreciation	(4,114,128)	(390,718)	503,616	(4,001,230)
Total capital assets, being depreciated, net	7,241,880	(99,163)	-	7,142,717
Total capital assets, net	\$ 8,148,125	\$ (99,163)	\$ -	\$ 8,048,962

Depreciation expenses for business-type activities for the year ended June 30, 2013 are as follows:

Transportation Development	\$ 150,446
Sanitation	240,272
Total depreciation expenses	\$ 390,718

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 4 – Capital Assets (Continued)

C. Fiduciary Fund Financial Statements

Summary of changes in capital assets for fiduciary fund financial statements for the year ended June 30, 2013 are as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Fiduciary-Type Activities:				
Capital assets, not being depreciated				
Infrastructure in progress	\$ 378,863	\$ -	\$ -	378,863
Total capital assets, not being depreciated	<u>378,863</u>	<u>-</u>	<u>-</u>	<u>378,863</u>
Capital assets, being depreciated				
Building and improvements	460,540	-	-	460,540
Infrastructure	805,509	-	-	805,509
Vehicles	226,698	-	-	226,698
Total capital assets, being depreciated	<u>1,492,747</u>	<u>-</u>	<u>-</u>	<u>1,492,747</u>
Accumulated depreciation:				
Building and improvements	(52,027)	(12,380)	-	(64,407)
Infrastructure	(64,908)	(45,340)	-	(110,248)
Vehicles	(90,680)	(19,704)	-	(110,384)
Total accumulated depreciation	<u>(207,615)</u>	<u>(77,424)</u>	<u>-</u>	<u>(285,039)</u>
Total capital assets, being depreciated, net	<u>1,285,132</u>	<u>(77,424)</u>	<u>-</u>	<u>1,207,708</u>
Total capital assets, net	<u>\$ 1,663,995</u>	<u>\$ (77,424)</u>	<u>\$ -</u>	<u>\$ 1,586,571</u>

Depreciation expenses for fiduciary activities for the year ended June 30, 2013 was \$77,424

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 5 – Long-Term Debt

A. Governmental Activities

Summary of changes in governmental activities long-term debt for the year ended June 30, 2013 are as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Amount Due Within One Year	Amount Due In More Than One Year
North Bakersfield Toyota	\$ -	\$ 15,363	\$ (256)	\$ 15,107	\$ 3,072	\$ 12,035
Total	\$ -	\$ 15,363	\$ (256)	\$ 15,107	\$ 3,072	\$ 12,035

North Bakersfield Toyota – Original Loan \$15,107

On May 15, 2013 the City entered into an financing agreement with North Bakersfield Toyota for the purchase of a 2013 Toyota Prius Plug-in. Payments are \$257 per month for 59 months with 0% interest ending May 30, 2018. The outstanding at June 30, 2013 was \$15,107.

The annual debt service requirements on the loan outstanding at June 30, 2013, were as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 3,072	\$ -	\$ 3,072
2015	3,072	-	3,072
2016	3,072	-	3,072
2017	3,072	-	3,072
2018	2,819	-	2,819
Total	\$ 15,107	\$ -	\$ 15,107

The cost of the vehicle was \$35,363 and the accumulated depreciation at June 30, 2013 was \$7,073.

B. Business-Type Activities

Summary of changes in business-type activities long-term debt for the year ended June 30, 2013 are as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Amount Due Within One Year	Amount Due In More Than One Year
Contract Obligations						
Veolia Water North American Operating Services, LLC	\$ 4,939,082	\$ -	\$ (115,465)	\$ 4,823,617	\$ 122,023	\$ 4,701,594
Total	\$ 4,939,082	\$ -	\$ (115,465)	\$ 4,823,617	\$ 122,023	\$ 4,701,594

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 5 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Veolia Water North American Operating Services, LLC – Original Issue \$5,963,560

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 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. 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						
0	\$ 5,963,560	9	\$ 5,531,989	18	\$ 4,667,180	27	\$ 2,940,440
1	5,928,580	10	5,462,180	19	4,529,380	28	2,663,780
2	5,892,480	11	5,387,980	20	4,379,920	29	2,365,920
3	5,852,300	12	5,306,360	21	4,218,800	30	2,042,620
4	5,897,740	13	5,219,440	22	4,043,900	31	1,694,940
5	5,760,040	14	5,125,100	23	3,856,280	32	1,318,640
6	5,709,260	15	5,024,400	24	3,652,760	33	912,660
7	5,655,100	16	4,914,160	25	3,433,340	34	473,820
8	5,595,740	17	4,795,440	26	3,196,960	35	-

The annual debt service requirements on the loan outstanding at June 30, 2013, were as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 122,023	\$ 263,981	\$ 386,004
2015	128,952	257,052	386,004
2016	136,275	249,729	386,004
2017	144,014	241,990	386,004
2018	152,193	233,811	386,004
2019-2023	900,849	1,029,171	1,930,020
2024-2028	1,187,391	742,629	1,930,020
2029-2033	1,565,075	364,945	1,930,020
2034-2035	486,845	19,011	505,856
Total	<u>\$ 4,823,617</u>	<u>\$ 3,402,319</u>	<u>\$ 8,225,936</u>

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 5 – Long-Term Debt (Continued)

C. Fiduciary Funds

Summary of changes in fiduciary funds long-term debt for the year ended June 30, 2013 are as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Amount Due Within One Year	Amount Due In More Than One Year
2005 Tax Allocation Bonds	\$ 5,580,000	\$ -	\$ (130,000)	\$ 5,450,000	\$ 135,000	\$ 5,315,000
2008 Tax Allocation Bonds	3,445,000	-	(35,000)	3,410,000	35,000	3,375,000
Total Tax Allocation Bonds	9,025,000	-	(165,000)	8,860,000	170,000	8,690,000
Less deferred amounts:						
Bond discounts	(295,815)	-	12,212	(283,603)	(12,212)	(271,391)
Total deferred amounts	(295,815)	-	12,212	(283,603)	(12,212)	(271,391)
Total	\$ 8,729,185	\$ -	\$ (152,788)	\$ 8,576,397	\$ 157,788	\$ 8,418,609

2005 Tax Allocation Bonds – Original Issue \$6,250,000

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. Bonds outstanding at June 30, 2013 were \$5,450,000.

The annual debt service requirements on the loan outstanding at June 30, 2013, were as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 135,000	\$ 267,703	\$ 402,703
2015	140,000	261,858	401,858
2016	145,000	255,658	400,658
2017	155,000	248,941	403,941
2018	160,000	241,735	401,735
2019-2023	930,000	1,084,196	2,014,196
2024-2028	1,180,000	823,066	2,003,066
2029-2033	1,505,000	482,903	1,987,903
2034-2036	1,100,000	86,356	1,186,356
Total	\$ 5,450,000	\$ 3,752,416	\$ 9,202,416

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 5 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

2008 Tax Allocation Bonds – Original Issue \$3,530,000

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. Bonds outstanding at June 30, 2013 were \$3,410,000.

The annual debt service requirements on the loan outstanding at June 30, 2013, were as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 35,000	\$ 217,650	\$ 252,650
2015	40,000	215,675	255,675
2016	40,000	213,475	253,475
2017	40,000	211,275	251,275
2018	45,000	208,938	253,938
2019-2023	260,000	1,002,300	1,262,300
2024-2028	350,000	905,125	1,255,125
2029-2033	485,000	770,413	1,255,413
2034-2038	1,500,000	531,375	2,031,375
2039	615,000	19,988	634,988
Total	<u>\$ 3,410,000</u>	<u>\$ 4,296,213</u>	<u>\$ 7,706,213</u>

Pledged Revenues

The Successor Agency has pledged tax revenues to the repayment of the RDA's debts transferred to it on February 1, 2012 through the final maturity of the Bonds, or early retirement of the Bonds, whichever comes first.

Tax revenues consist of property tax revenues allocated to the Redevelopment Property Tax Trust Fund (RPTTF) for the Successor Agency that is maintained by the County of Kern Auditor and Controller. The amounts so allocated are those that would have been allocated to the RDA had the RDA not been dissolved. The Auditor and Controller (A&C) then distributes RPTTF revenues to the Successor Agency based on Recognized Obligation Payment Schedules (ROPS) as approved by the California State Department of Finance (DOF) and after deducting amounts for A&C administrative costs and amounts required to be paid under tax-sharing agreements unless the payment of such amounts has been subordinated to payment of debt services on the Bonds. Each ROPS covers a six-month period and includes the applicable debt service payments on the Bonds.

The RPTTF revenue distributed to the Successor Agency in fiscal year 2013 was \$612,931. Total debt service of all Tax Allocation Bonds paid was \$660,788, 108% of the RPTTF revenue received by the Successor Agency. For the next three fiscal years, annual principal and interest payments on the Tax Allocation Bonds are expected to average 100% of the RPTTF revenue available to be distributed to the Successor Agency.

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 6 – Compensated Absences

Summary of changes in compensated absences for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Prior Period Adjustment	Net Change	Balance June 30, 2013	Amount Due Within One Year
Governmental Activities	\$ -	\$ 153,794	\$ 695	\$ 154,489	\$ 154,489
Business-Type Activities	-	-	9,040	9,040	9,040
Total	\$ -	\$ 153,794	\$ 9,735	\$ 163,529	\$ 163,529

The City's liability for vested and unpaid compensated absences (accrued vacation) has been accrued and amounts to \$163,529 at June 30, 2013. For the governmental activities, compensated absences are generally liquidated by the general fund.

Note 7 – Retirement Plans

Plan Description

The City contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required by State statute to contribute 7.0% for miscellaneous-tier 1, 6.25% for miscellaneous-tier 2, 7.0% for safety-tier 1 and 9.50% for safety-tier 2 of their annual covered salary. A new tier of miscellaneous employees was created due the Pension Reform Act that created a new benefit formula and contribution rates for new employees hired on or after January 1, 2013. The City employer makes the contributions required of City employees on their behalf and for their account, which amounted to \$379,585 for the year ended June 30, 2013. The City employer is required to contribute for fiscal year 2012-2013 at an actuarially determined rate of 7.079%, 6.25%, 14.139%, 9.50% of annual covered payroll for miscellaneous-tier 1, miscellaneous-tier 2, safety-tier 1, and safety-tier 2, respectively.

Readers of this document are advised to refer directly to the full disclosure of actuarial and funding practices of the multi-employer CalPERS system, which this agency does not control. CalPERS may employ actuarial techniques such as extended smoothing and amortization periods that would result in future increases in required employer contributions which are not reflected in these financial statements, particularly in the event of any future changes in governmental financial reporting standards and system-wide funding practices. Further information on its financial practices should be requested from CalPERS.

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 7 – Retirement Plans (Continued)

Annual Pension Cost

For 2012-2013, the City's annual pension cost of \$150,708 for the Miscellaneous Plan - Tier 1, \$1,209 for the Miscellaneous Plan - Tier 2, \$225,550 for the Safety Plan – Tier 1 and \$2,118 for the Safety Plan – Tier 2 for PERS was equal to the City's required and actual contributions.

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ 246,995	100%	\$ -
6/30/2012	308,487	100%	-
6/30/2013	379,585	100%	-

Most Recent Actuarial Study – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
Safety 6/30/2012	\$ 3,546,677	\$ 3,700,437	\$ 153,760	95.84%	\$ 1,004,073	15.31%
Miscellaneous 6/30/2012	\$ 3,870,683	\$ 4,040,984	\$ 170,301	95.79%	\$ 1,070,720	15.91%

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 8 – Risk Management and Self-Insurance

The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes. All funds of the City, including the enterprise funds, are included in the above risk management and self-insurance program.

The City is covered for the first \$1,000,000 of each general liability claim and \$250,000 of each workers' compensation claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on an estimated claims liabilities formula which, among other expenses, includes reported and incurred but not reported (IBNR) claims, and charges the City's account for liability losses under \$25,000 and workers' compensation losses under \$50,000. The CSJVRMA participates in an excess pool which provides general liability coverage from \$1,000,000 to \$10,000,000 and workers' compensation coverage from \$250,000 to the statutory limit. The City has had no settlements which exceeded insurance coverage in the last ten fiscal years, and no changes in insurance coverage from the prior year. The City's deductible amount is included with the premiums.

The CSJVRMA is a consortium of fifty-five (55) cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et seq. The CSJVRMA is governed by a Board of Directors, which meets 3 to 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. At the termination of the joint powers agreement and after all claims has been settled, any excess or deficit will be divided among the cities in accordance with its governing documents. Financial statements for CSJVRMA can be obtained at 1831 K Street, Sacramento, California 95814.

The audited financial position and results of operations for the CSJVRMA as of and for the year ended June 30, 2013, are presented below:

Total assets	\$ 82,190,005
Total liabilities	\$ 66,304,596
Total equities	\$ 15,885,409
Total revenues	\$ 30,744,973
Total expenses	\$ 27,142,583
Revenues over (under) expenses	\$ 3,602,390

The following is a reconciliation of changes in the aggregate liabilities for claims for the years ended June 30, 2013, 2012 and 2011:

	2013	2012	2011
Claims liability, beginning	\$ -	\$ -	\$ -
Claims incurred	53,316	279,636	578
Payment on claims	(53,316)	(279,636)	(578)
Claims liability, ending	\$ -	\$ -	\$ -

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 9 – Other Required Fund Disclosures

At June 30, 2013, the following funds had deficit net position:

Fund Type	Funds	Deficit
Special Revenue Fund	Community Development Block Grant	\$ (108,855)
Special Revenue Fund	TEA Fund	(42,253)
Special Revenue Fund	COPS Program	(71)
Special Revenue Fund	Asset Forfeiture Funds	(3,873)
Special Revenue Fund	Federal Police Grant	(40,067)
Special Revenue Fund	RSTP Funds	(98,208)
Fiduciary Fund	RDA Successor Agency Private Purpose Trust Fund	(7,336,002)

Community Development Block Grant - The Community Development Block Grant fund had an accumulated deficit of \$(108,855). The City expects to repay the deficit via transfers from other funds.

TEA Fund - The TEA fund had an accumulated deficit of \$(42,253). The City expects to repay the deficit via transfers from other funds.

COPS Program - The COPS Program fund had an accumulated deficit of \$(71). The City expects to repay the deficit via transfers from other funds.

Asset Forfeiture Funds - The Asset Forfeiture Funds had an accumulated deficit of \$(3,873). The City expects to repay the deficit via transfers from other funds.

Federal Police Grant - The Federal Police Grant fund had an accumulated deficit of \$(40,067). The City expects to repay the deficit via transfers from other funds.

JARC Operations - The JARC Operations fund had an accumulated deficit of \$(68,812). The City expects to repay the deficit via transfers from other funds.

RSTP Funds - The RSTP Funds fund had an accumulated deficit of \$(98,208). The City expects to repay the deficit via transfers from other funds.

RDA Successor Agency Private Purpose Trust - The RDA Successor Agency Private Purpose Trust fund had an accumulated deficit of \$(7,336,002), which resulted from insufficient revenues received through property tax increment. The City expects the fund to be repaid via property tax increment.

Note 10 – Excess Expenditures over Appropriations

For the year ended June 30, 2013, expenditures exceeded appropriations in the following funds:

Fund	Appropriations	Expenditures	Excess
Community Development Block Grant	\$ 308,998	\$ 438,165	\$ 129,167
TEA Fund	400,000	1,149,852	749,852

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 11 – Classification of Fund Balances

At June 30, 2013, fund balances are classified as follows:

	<u>Major</u>			<u>Non-Major Governmental Funds</u>	<u>Total</u>
	<u>General</u>	<u>Community Development Block Grant</u>	<u>TEA</u>		
Nonspendable					
Land held for resale	\$ 3,752,867	\$ -	\$ -	\$ -	\$ 3,752,867
Prepaid items	2,515	-	-	-	2,515
Due from Successor Agency	880,734	-	-	-	880,734
Total nonspendable	4,636,116	-	-	-	4,636,116
Restricted					
State Gasoline Tax	-	-	-	70,935	70,935
Transportation Development (Non-Transit)	-	-	-	165,796	165,796
LLMD District	-	-	-	63,628	63,628
Traffic Offenders Fund	-	-	-	16,839	16,839
Prop 1B Funds	-	-	-	81,917	81,917
Traffic Impact Fees Funds	-	-	-	219,182	219,182
ARRA Grant Fund	-	-	-	232	232
PTMISEA Fence Grant	-	-	-	154,221	154,221
Park Fees Fund	-	-	-	1,800	1,800
JARC Capital Grant	-	-	-	116,038	116,038
AB109	-	-	-	50,000	50,000
Total restricted	-	-	-	940,588	940,588
Unassigned	2,459,573	(108,855)	(42,253)	(142,219)	2,166,246
Total fund balances	\$ 7,095,689	\$ (108,855)	\$ (42,253)	\$ 798,369	\$ 7,742,950

Note 12 – Commitments and Contingencies

Litigations

There are various claims and legal actions pending against the City for which no provision has been made in the accompanying general purpose financial statements. In the opinion of the City attorney and City management, liabilities arising from these claims and legal actions, if any, will not have an adverse material effect on the financial position of the City.

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 disallowance under grant terms, and any required reimbursements are not expected to be material.

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 12 – Commitments and Contingencies (Continued)

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.

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, 2013 was \$760,341. 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 5). 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.

City Loan to Successor Agency

The General Fund has loaned a cumulative amount of \$880,734 to the Successor Agency to fund operating expenses. The portion of fund balance associated with amounts that have been disbursed to other funds in the form of long-term interfund notes receivable have been classified as nonspendable unless the funds associated with repayment of the notes is otherwise restricted for specific purposes. As of February 1, 2012 the Arvin Community Redevelopment Agency was dissolved as a result of Assembly Bill 1X 26 and the notes payable to the City were transferred to the Successor Agency, the notes are to be repaid to the City as part of the Agency's Required Operating Payments Schedule.

City of Arvin
Notes to Basic Financial Statements (Continued)
For the year ended June 30, 2013

Note 13 – Prior Period Adjustments

At June 30, 2012, compensated absences liability was not accrued in accordance with GASB Statement No. 16, *Accounting and Financing Reporting for Compensated Absences*. Therefore, Net Position of the Governmental Activities at July 1, 2012 was overstated by \$153,794.

In addition, a liability of \$750,000 should be recorded in accordance with the Owner Participation Agreement between the Former Arvin Community Redevelopment Agency and the Arvin Pacific Associates. Therefore, the Net Position of the Successor Agency of the Arvin Community Redevelopment Agency was overstated by \$750,000.

Accordingly, Net Position at July 1, 2012 was restated as follows:

	Governmental Activities
Beginning Net Position, as previously reported	\$ 16,663,569
Prior period adjustment	(153,794)
Beginning Net Position, as restated	\$ 16,509,775
<div style="text-align: right; margin-right: 20px;"> Successor Agency to the Arvin Community Redevelopment Agency Private-purpose Trust Fund </div>	
Beginning Net Position, as previously reported	\$ (6,537,471)
Prior period adjustment	(750,000)
Beginning Net Position, as restated	\$ (7,287,471)

Note 14 - Subsequent Event

Land held for Development

On August 6, 2013, per the instruction from the Department of Finance, the City adopted a resolution number 2013-22 and will transfer the land held for development in the amount of \$3,752,867 to the Successor Agency to the Arvin Community Redevelopment Agency.

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank

City of Arvin
Required Supplementary Information
For the year ended June 30, 2013

Note 1 - Budgetary Information

Budgetary Information

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

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.

During the fiscal year, changes to the adopted budget may be authorized, as follows:

1. 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.
2. 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.
3. Items delegated to department heads – allocation of departmental appropriations to line item level.

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 accounting principles generally accepted in the United States of America ("U.S. 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.

Budget amounts are reflected after all authorized amendments and revisions. This budget is reported as the Final Budget in the budgetary comparison schedules.

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.

City of Arvin
Required Supplementary Information (Continued)
For the year ended June 30, 2013

Note 1 – Budgetary Information (Continued)

Budget Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 212,000	\$ 212,000	\$ 530,882	\$ 318,882
Property taxes in lieu of VLF	1,332,000	1,332,000	1,332,911	911
Sales tax	1,405,000	1,405,000	1,669,931	264,931
Franchise tax	583,864	583,864	598,136	14,272
Vehicle license tax	253,000	253,000	204,131	(48,869)
Other taxes	-	-	139	139
Licenses, permits and fees	205,500	205,500	160,238	(45,262)
Fines, forfeitures and penalties	6,000	6,000	8,715	2,715
Investment income	15,000	15,000	11,597	(3,403)
Lease revenue	378,000	378,000	217,118	(160,882)
Intergovernmental	55,500	55,500	98,325	42,825
Charges for current services	268,756	268,756	322,216	53,460
Other	260,411	260,411	33,644	(226,767)
Total revenues	<u>4,975,031</u>	<u>4,975,031</u>	<u>5,187,983</u>	<u>212,952</u>
EXPENDITURES:				
Current:				
General government	1,501,718	1,501,718	1,201,556	300,162
Public safety	3,029,128	3,029,128	2,846,403	182,725
Public works	99,178	99,178	182,527	(83,349)
Culture and recreation	296,453	296,453	229,933	66,520
Capital Outlay	64,500	64,500	146,431	(81,931)
Total expenditures	<u>4,990,977</u>	<u>4,990,977</u>	<u>4,606,850</u>	<u>384,127</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(15,946)</u>	<u>(15,946)</u>	<u>581,133</u>	<u>597,079</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(273,554)	(273,554)	(111,235)	(162,319)
Total other financing sources (uses)	<u>(273,554)</u>	<u>(273,554)</u>	<u>(111,235)</u>	<u>(162,319)</u>
NET CHANGES IN FUND BALANCES	<u>\$ (289,500)</u>	<u>\$ (289,500)</u>	469,898	<u>\$ 759,398</u>
FUND BALANCES:				
Beginning of year			6,625,791	
End of year			<u>\$ 7,095,689</u>	

City of Arvin
Required Supplementary Information (Continued)
For the year ended June 30, 2013

Note 1 – Budgetary Information (Continued)

Budget Comparison Schedule, Community Development Block Grant Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 308,000	\$ 308,000	\$ 338,698	\$ 30,698
Other	-	-	160	160
Total revenues	<u>308,000</u>	<u>308,000</u>	<u>338,858</u>	<u>30,858</u>
EXPENDITURES:				
Current:				
Public works	998	998	24,186	(23,188)
Capital Outlay	<u>308,000</u>	<u>308,000</u>	<u>413,979</u>	<u>(105,979)</u>
Total expenditures	<u>308,998</u>	<u>308,998</u>	<u>438,165</u>	<u>(129,167)</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(998)</u>	<u>(998)</u>	<u>(99,307)</u>	<u>(98,309)</u>
NET CHANGES IN FUND BALANCES	<u>\$ (998)</u>	<u>\$ (998)</u>	(99,307)	<u>\$ (98,309)</u>
FUND BALANCES:				
Beginning of year			<u>(9,548)</u>	
End of year			<u>\$ (108,855)</u>	

City of Arvin
Required Supplementary Information (Continued)
For the year ended June 30, 2013

Note 1 – Budgetary Information (Continued)

Budget Comparison Schedule, TEA Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 800,000	\$ 450,000
Other	-	-	50	50
Total revenues	<u>350,000</u>	<u>350,000</u>	<u>800,050</u>	<u>450,050</u>
EXPENDITURES:				
Current:				
Public works	-	-	7,090	(7,090)
Capital Outlay	400,000	400,000	1,142,762	(742,762)
Total expenditures	<u>400,000</u>	<u>400,000</u>	<u>1,149,852</u>	<u>(749,852)</u>
REVENUES OVER (UNDER) EXPENDITURES				
	<u>(50,000)</u>	<u>(50,000)</u>	<u>(349,802)</u>	<u>(299,802)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	402,135	402,135
Transfers out	(25,000)	(25,000)	-	(25,000)
Total other financing sources (uses)	<u>(25,000)</u>	<u>(25,000)</u>	<u>402,135</u>	<u>377,135</u>
Changes in fund balance	<u>\$ (75,000)</u>	<u>\$ (75,000)</u>	52,333	<u>\$ 127,333</u>
FUND BALANCES:				
Beginning of year			<u>(94,586)</u>	
End of year			<u>\$ (42,253)</u>	

City of Arvin
Required Supplementary Information (Continued)
For the year ended June 30, 2013

Note 2 – Schedule of Funding Progress

A. California Public Employees' Retirement System Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u> (A)	<u>Actuarial Liability (AAL) Entry Age</u> (B)	<u>Unfunded AAL (UAAL)</u> (B-A)	<u>Funded Ratio</u> (A/B)	<u>Covered Payroll</u> (C)	<u>UAAL as a Percentage of Covered Payroll</u> [(B-A)/C]
Safety						
6/30/2011	\$ 3,087,719	\$ 3,300,380	\$ 212,661	93.56%	\$ 1,020,783	20.83%
6/30/2012	3,546,677	3,700,437	153,760	95.84%	1,004,073	15.31%
Miscellaneous						
6/30/2011	\$ 3,903,715	\$ 4,038,340	\$ 134,625	96.67%	\$ 1,546,121	8.71%
6/30/2012	3,870,683	4,040,984	170,301	95.79%	1,070,720	15.91%

** Stand-alone information for June 30, 2010 for both Safety and Miscellaneous are not available.

SUPPLEMENTARY INFORMATION

This page intentionally left blank.

NON-MAJOR GOVERNMENT FUNDS

Special Revenue 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.

State Gas Tax Fund - This fund is used to account for the City's share of gasoline taxes that are apportioned under Streets and Highways Code sections 2105, 2106, 2107, and 2107.5 of the State of California. These funds are restricted to activities and purchases that assist in the construction of and maintenance of local roads within the City limits.

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.

Asset Forfeiture Fund - This fund is used to account for revenues associated with the sale of assets seized from individuals convicted of drug related crimes. The expenditures of this fund must assist in drug abuse enforcement or education.

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 Fees 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.

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.

Non-Major Governmental Funds

Special Revenue Funds (Continued):

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.

Prop 84 Park 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.

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.

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

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 21st Century in 1998. RSTP funding is restricted for the City to address specific transportation issues. This funding requires matching city funds.

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

AB109 - Accounts for the grants received related to the new prisoner redistribution.

City of Arvin
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2013

	Special Revenue				
	CMAQ Grant	State Gas Tax	Transportation Development (Non-Transit)	COPS Program	LLMD District
ASSETS					
Pooled cash and investments	\$ -	\$ 56,330	\$ 152,896	\$ 1,945	\$ 70,385
Receivables:					
Accounts	68,486	30,509	-	-	232
Total assets	\$ 68,486	\$ 86,839	\$ 567,931	\$ 1,945	\$ 70,617
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 10,947	\$ -	\$ 714	\$ 6,827
Accrued payroll and benefits	-	4,957	-	1,302	162
Due to other funds	68,486	-	402,135	-	-
Total liabilities	68,486	15,904	402,135	2,016	6,989
Fund Balances:					
Restricted		\$ 70,935	\$ 165,796	\$ -	\$ 63,628
Unassigned	-	-	-	(71)	-
Total fund balances	-	70,935	165,796	(71)	63,628
Total liabilities and fund balances	\$ 68,486	\$ 86,839	\$ 567,931	\$ 1,945	\$ 70,617

(Continued)

City of Arvin
Combining Balance Sheet
Non-Major Governmental Funds (Continued)
June 30, 2013

	Special Revenue				
	Asset Forfeiture	Traffic Offender	Prop 1B	Traffic Impact Fees	ARRA Grant
ASSETS					
Pooled cash and investments	\$ -	\$ 16,839	\$ 87,204	\$ 219,182	\$ -
Receivables:					
Accounts	-	-	13,659	-	233,244
Total assets	\$ -	\$ 16,839	\$ 100,863	\$ 219,182	\$ 233,244
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 18,946	\$ -	\$ -
Accrued payroll and benefits	-	-	-	-	-
Due to other funds	3,873	-	-	-	233,012
Total liabilities	3,873	-	18,946	-	233,012
Fund Balances:					
Restricted		16,839	81,917	219,182	232
Unassigned	(3,873)	-	-	-	-
Total fund balances	(3,873)	16,839	81,917	219,182	232
Total liabilities and fund balances	\$ -	\$ 16,839	\$ 100,863	\$ 219,182	\$ 233,244

(Continued)

City of Arvin
Combining Balance Sheet
Non-Major Governmental Funds (Continued)
June 30, 2013

	Special Revenue				
	PTMISEA Fence Grant	Federal Police Grant	JARC		USDA Cameras
			Operations Grant	Prop 84 Park	
ASSETS					
Pooled cash and investments	\$ 155,165	\$ -	\$ -	\$ -	\$ -
Receivables:					
Accounts	-	-	68,813	188,284	-
Total assets	<u>\$ 155,165</u>	<u>\$ -</u>	<u>\$ 68,813</u>	<u>\$ 188,284</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 944	\$ -	\$ 2,331	\$ -	\$ -
Accrued payroll and benefits	-	-	888	-	-
Due to other funds	-	40,067	65,594	188,284	-
Total liabilities	<u>944</u>	<u>40,067</u>	<u>68,813</u>	<u>188,284</u>	<u>-</u>
Fund Balances:					
Restricted	\$ 154,221	\$ -	\$ -	\$ -	\$ -
Unassigned	-	(40,067)	-	-	-
Total fund balances	<u>154,221</u>	<u>(40,067)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 155,165</u>	<u>\$ -</u>	<u>\$ 68,813</u>	<u>\$ 188,284</u>	<u>\$ -</u>

(Continued)

City of Arvin
Combining Balance Sheet
Non-Major Governmental Funds (Concluded)
June 30, 2013

	Special Revenue				Total Non-major Governmental Funds
	RSTP	Park Fees	JARC Capital Grant	AB109	
ASSETS					
Pooled cash and investments	\$ -	\$ 1,800	\$ 116,038	\$ 50,000	\$ 927,784
Receivables:					
Accounts	4,450	-	-	-	607,677
Total assets	\$ 4,450	\$ 1,800	\$ 116,038	\$ 50,000	\$ 1,950,496
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,672	\$ -	\$ -	\$ -	\$ 42,381
Accrued payroll and benefits	-	-	-	-	7,309
Due to other funds	100,986	-	-	-	1,102,437
Total liabilities	102,658	-	-	-	1,152,127
Fund Balances:					
Restricted	\$ -	\$ 1,800	\$ 116,038	\$ 50,000	\$ 940,588
Unassigned	(98,208)	-	-	-	(142,219)
Total fund balances	(98,208)	1,800	116,038	50,000	798,369
Total liabilities and fund balances	\$ 4,450	\$ 1,800	\$ 116,038	\$ 50,000	\$ 1,950,496

(Concluded)

City of Arvin
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2013

	Special Revenue				
	CMAQ Grant	State Gas Tax	Transportation Development (Non-Transit)	COPS Program	LLMD District
REVENUES:					
Property taxes and special assessments	\$ -	\$ 459,026	\$ -	\$ -	\$ 104,949
Licenses, permits and fees	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-
Intergovernmental	220,046	-	415,035	100,000	-
Total revenues	220,046	459,026	415,035	100,000	104,949
EXPENDITURES:					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	100,000	-
Public Works	834	344,152	13,676	-	89,760
Capital outlay	3,272	-	-	-	-
Total expenditures	4,106	344,152	13,676	100,000	89,760
REVENUES OVER (UNDER) EXPENDITURES	215,940	114,874	401,359	-	15,189
OTHER FINANCING SOURCES (USES):					
Transfers In	111,235	-	-	-	-
Transfers Out	-	-	(402,135)	-	-
Total other financing sources (uses)	111,235	-	(402,135)	-	-
NET CHANGE IN FUND BALANCES	327,175	114,874	(776)	-	15,189
FUND BALANCES:					
Beginning of year	(327,175)	(43,939)	166,572	(71)	48,439
End of year	<u>\$ -</u>	<u>\$ 70,935</u>	<u>\$ 165,796</u>	<u>\$ (71)</u>	<u>\$ 63,628</u>

(Continued)

City of Arvin
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds (Continued)
For the year ended June 30, 2013

	Special Revenue				
	Asset Forfeiture	Traffic Offenders	Prop 1B	Traffic Impact Fees	ARRA Grant
REVENUES:					
Property taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	1,842	-	55,728	-
Fines, forfeitures and penalties	2,009	-	-	-	-
Intergovernmental	-	-	13,659	-	90,126
Total revenues	2,009	1,842	13,659	55,728	90,126
EXPENDITURES:					
Current:					
General Government	-	-	-	-	3,206
Public Safety	-	-	16,000	-	-
Public Works	-	-	-	-	-
Capital outlay	-	-	351,414	-	-
Total expenditures	-	-	367,414	-	3,206
REVENUES OVER (UNDER) EXPENDITURES	2,009	1,842	(353,755)	55,728	86,920
OTHER FINANCING SOURCES (USES):					
Transfers In	-	-	-	-	46,050
Transfers Out	-	-	(5,883)	-	-
Total other financing sources (uses)	-	-	(5,883)	-	46,050
NET CHANGE IN FUND BALANCES	2,009	1,842	(359,638)	55,728	132,970
FUND BALANCES:					
Beginning of year	(5,882)	14,997	441,555	163,454	(132,738)
End of year	<u>\$ (3,873)</u>	<u>\$ 16,839</u>	<u>\$ 81,917</u>	<u>\$ 219,182</u>	<u>\$ 232</u>

(Continued)

City of Arvin
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds (Continued)
For the year ended June 30, 2013

	Special Revenue				
	PTMISEA Fence Grant	Federal Police Grant	JARC		USDA Cameras
			Operations Grant	Prop 84 Park	
REVENUES:					
Property taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-
Intergovernmental	-	-	68,813	188,284	-
Total revenues	<u>-</u>	<u>-</u>	<u>68,813</u>	<u>188,284</u>	<u>-</u>
EXPENDITURES:					
Current:					
General Government	-	-	37,561	-	-
Public Safety	9,032	-	-	129,817	-
Public Works	-	-	-	-	-
Capital outlay	10,009	-	-	4,329	-
Total expenditures	<u>19,041</u>	<u>-</u>	<u>37,561</u>	<u>134,146</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(19,041)</u>	<u>-</u>	<u>31,252</u>	<u>54,138</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
Transfers In	-	-	-	-	5,883
Transfers Out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,883</u>
NET CHANGE IN FUND BALANCES	<u>(19,041)</u>	<u>-</u>	<u>31,252</u>	<u>54,138</u>	<u>5,883</u>
FUND BALANCES:					
Beginning of year	173,262	(40,067)	(31,252)	(54,138)	(5,883)
End of year	<u>\$ 154,221</u>	<u>\$ (40,067)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

City of Arvin
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds (Continued)
For the year ended June 30, 2013

	Special Revenue				Total Other Governmental Funds
	RSTP	Park Fees	JARC Capital Grant	AB109	
REVENUES:					
Property taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ 563,975
Licenses, permits and fees	-	-	-	-	57,570
Fines, forfeitures and penalties	-	-	-	-	2,009
Intergovernmental	4,450	1,800	291,555	50,000	1,443,768
Total revenues	<u>4,450</u>	<u>1,800</u>	<u>291,555</u>	<u>50,000</u>	<u>2,067,322</u>
EXPENDITURES:					
Current:					
General Government	-	-	962	-	41,729
Public Safety	-	-	-	-	254,849
Public Works	1,672	-	-	-	450,094
Capital outlay	2,778	-	-	-	371,802
Total expenditures	<u>4,450</u>	<u>-</u>	<u>962</u>	<u>-</u>	<u>1,118,474</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1,800</u>	<u>290,593</u>	<u>50,000</u>	<u>948,848</u>
OTHER FINANCING SOURCES (USES):					
Transfers In	-	-	117,000	-	280,168
Transfers Out	-	-	(291,555)	-	(699,573)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(174,555)</u>	<u>-</u>	<u>(419,405)</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>1,800</u>	<u>116,038</u>	<u>50,000</u>	<u>529,443</u>
FUND BALANCES:					
Beginning of year	(98,208)	-	-	-	268,926
End of year	<u>\$ (98,208)</u>	<u>\$ 1,800</u>	<u>\$ 116,038</u>	<u>\$ 50,000</u>	<u>\$ 798,369</u>

(Concluded)

