

# **City of Arvin**

Arvin, California

## **Independent Auditors' Report and Basic Financial Statements**

*For the Year Ended June 30, 2014*



**City of Arvin**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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200 East Sandpointe Avenue  
Suite 600  
Santa Ana, California 92707

**Phone:** (949) 777-8800  
**Fax:** (949) 777-8850  
[www.pm-llp.com](http://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 the 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, 2014, 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, 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  
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***Emphasis of Matter***

*Implementation of GASB Statement No. 65*

As discussed in Note 1 to the basic financial statements, the City implemented Governmental Accounting Standards Board (“GASB”) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The adoption of this standard required retrospective application of previously reported net position and reclassification of certain accounts as of July 1, 2013, as described in Note 13 to the basic financial statements. Our opinion is not modified with respect to this matter.

*Implementation of GASB Statement No. 68*

As further discussed in Note 1 to the basic financial statements, GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans*. The adoption of this standard required retrospective application of previously reported net position and reclassification of certain accounts as of July 1, 2013 as described in Note 13 to the basic financial statements. Our opinion is not modified with respect to this matter.

*Transfer to Successor Agency*

As further discussed in Note 14 to the basic financial statements, the City transferred land held for development in the amount of \$3,752,867 to the Successor Agency to the Arvin Community Redevelopment Agency. Our opinion is not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Budgetary Comparison Schedules and Schedule of Funding Progress on pages 61 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America require 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

To the Honorable Mayor and Members of the City Council  
of the City of Arvin  
Arvin, California  
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*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 Fund Financial Statements and Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements and Budgetary Comparison Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 Fund Financial Statements and Budgetary Comparison Schedules 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 July 6, 2015 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.

A handwritten signature in black ink that reads "Paul J. McGeady LLP". The signature is written in a cursive, slightly slanted style.

Santa Ana, California  
July 6, 2015

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# **BASIC FINANCIAL STATEMENTS**

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# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**City of Arvin**  
**Statement of Net Position**  
**June 30, 2014**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 3,473,535	\$ 1,392,543	\$ 4,866,078
Accounts receivables	782,291	85,014	867,305
Prepaid items	3,467	26	3,493
Due from other governments	-	389,938	389,938
Internal balances	561,477	(561,477)	-
<b>Total current assets</b>	<b>4,820,770</b>	<b>1,306,044</b>	<b>6,126,814</b>
<b>Noncurrent assets:</b>			
Cash with fiscal agents	-	693,862	693,862
Notes receivable - Successor Agency	603,292	-	603,292
<b>Capital assets:</b>			
Nondepreciable	4,014,400	906,245	4,920,645
Depreciable, net	8,212,259	6,726,411	14,938,670
<b>Total capital assets</b>	<b>12,226,659</b>	<b>7,632,656</b>	<b>19,859,315</b>
<b>Total noncurrent assets</b>	<b>12,829,951</b>	<b>8,326,518</b>	<b>21,156,469</b>
<b>Total assets</b>	<b>17,650,721</b>	<b>9,632,562</b>	<b>27,283,283</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	690,084	32,156	722,240
Accrued payroll	393,550	9,817	403,367
Deposits	175,683	-	175,683
Compensated absences - due within one year	34,263	2,444	36,707
Long-term debt - due within one year	3,072	128,952	132,024
<b>Total current liabilities</b>	<b>1,296,652</b>	<b>173,369</b>	<b>1,470,021</b>
<b>Noncurrent liabilities:</b>			
Compensated absences - due in more than one year	137,050	9,776	146,826
Long-term debt - due in more than one year	8,963	4,572,642	4,581,605
<b>Total noncurrent liabilities</b>	<b>146,013</b>	<b>4,582,418</b>	<b>4,728,431</b>
<b>Total liabilities</b>	<b>1,442,665</b>	<b>4,755,787</b>	<b>6,198,452</b>
<b>NET POSITION</b>			
Net investment in capital assets	12,214,624	2,931,062	15,145,686
<b>Restricted:</b>			
Transportation	1,092,413	-	1,092,413
Public safety	509,170	-	509,170
Public works	266,801	-	266,801
Other	8,628	-	8,628
Debt service	-	693,862	693,862
<b>Total restricted</b>	<b>1,877,012</b>	<b>693,862</b>	<b>2,570,874</b>
Unrestricted	2,116,420	1,251,851	3,368,271
<b>Total net position</b>	<b>\$ 16,208,056</b>	<b>\$ 4,876,775</b>	<b>\$ 21,084,831</b>

See accompanying Notes to the Basic Financial Statements.

**City of Arvin**  
**Statement of Activities**  
**For the Year Ended June 30, 2014**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Total</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 1,852,887	\$ 158,120	\$ -	\$ -	\$ 158,120
Public safety	3,097,116	23,837	198,737	-	222,574
Public works	892,269	-	451,876	1,859	453,735
Community development	828,589	31,346	307,689	-	339,035
Transit	-	-	-	319,103	319,103
<b>Total governmental activities</b>	<b>6,670,861</b>	<b>213,303</b>	<b>958,302</b>	<b>320,962</b>	<b>1,492,567</b>
Business-type activities:					
Transportation development	754,538	82,801	468,575	-	551,376
Sanitation	2,326,605	2,465,870	-	-	2,465,870
<b>Total business-type activities</b>	<b>3,081,143</b>	<b>2,548,671</b>	<b>468,575</b>	<b>-</b>	<b>3,017,246</b>
<b>Total primary government</b>	<b>\$ 9,752,004</b>	<b>\$ 2,761,974</b>	<b>\$ 1,426,877</b>	<b>\$ 320,962</b>	<b>\$ 4,509,813</b>

See accompanying Notes to the Basic Financial Statements.

**City of Arvin**  
**Statement of Activities (Continued)**  
**For the Year Ended June 30, 2014**

<b>Functions/Programs</b>	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
<b>Primary government:</b>			
Governmental activities:			
General government	(1,694,767)	\$ -	\$ (1,694,767)
Public safety	(2,874,542)	-	(2,874,542)
Public works	(438,534)	-	(438,534)
Community development	(489,554)	-	(489,554)
Transit	319,103	-	319,103
Total governmental activities	(5,178,294)	-	(5,178,294)
Business-type activities:			
Transportation development	-	(203,162)	(203,162)
Sanitation	-	139,265	139,265
Total business-type activities	-	(63,897)	(63,897)
<b>Total primary government</b>	(5,178,294)	(63,897)	(5,242,191)
 <b>General Revenues and Transfers:</b>			
<b>General revenues:</b>			
Taxes:			
Property taxes	178,385	-	178,385
Sales taxes	1,840,311	-	1,840,311
Franchise tax	750,452	-	750,452
Highway users tax	568,700	-	568,700
Utility users tax	8,688	-	8,688
Vehicle license fee in lieu tax	1,330,587	-	1,330,587
Total taxes	4,677,123	-	4,677,123
Investment earnings	2,278	135,068	137,346
Licenses and permits	364,852	-	364,852
Revenue from use of money and property	45,549	-	45,549
Fees and other revenues	615,866	-	615,866
Fines and penalties	35,947	-	35,947
Miscellaneous revenue	7,044	-	7,044
<b>Transfers</b>	18,468	(18,468)	-
<b>Total general revenues and transfers</b>	5,767,127	116,600	5,883,727
<b>Change in net position before extraordinary items</b>	588,833	52,703	641,536
 <b>Extraordinary items:</b>			
Transfers to Successory Agency (Note 14)	(3,752,867)	-	(3,752,867)
<b>Change in net position</b>	(3,164,034)	52,703	(3,111,331)
 <b>Net Position:</b>			
<b>Beginning of year</b>	19,372,090	4,824,072	24,196,162
<b>End of year</b>	\$ 16,208,056	\$ 4,876,775	\$ 21,084,831

See accompanying Notes to the Basic Financial Statements.

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# **FUND FINANCIAL STATEMENTS**

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# GOVERNMENTAL FUND FINANCIAL STATEMENTS

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**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, 2014**

	Major Funds			Non-major Governmental Funds	Total Governmental Funds
	General	Community Development Block Grant	TEA		
<b>ASSETS</b>					
Cash and investments	\$ 1,128,035	\$ -	\$ -	\$ 2,345,500	\$ 3,473,535
Accounts receivables	339,306	190,732	126,949	125,304	782,291
Due from other funds	1,801,172	-	394,710	148,125	2,344,007
Due from Successor Agency	603,292	-	-	-	603,292
Prepaid items	3,449	-	-	18	3,467
<b>Total assets</b>	<b>\$ 3,875,254</b>	<b>\$ 190,732</b>	<b>\$ 521,659</b>	<b>\$ 2,618,947</b>	<b>\$ 7,206,592</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 382,513	\$ 241,799	\$ 2,001	\$ 63,771	\$ 690,084
Accrued payroll and benefits	349,013	-	-	44,537	393,550
Deposits	175,683	-	-	-	175,683
Due to other funds	-	66,963	698,248	1,017,319	1,782,530
<b>Total liabilities</b>	<b>907,209</b>	<b>308,762</b>	<b>700,249</b>	<b>1,125,627</b>	<b>3,041,847</b>
<b>Fund Balances:</b>					
Nonspendable	606,741	-	-	18	606,759
Restricted	-	-	-	1,877,012	1,877,012
Unassigned	2,361,304	(118,030)	(178,590)	(383,710)	1,680,974
<b>Total fund balances</b>	<b>2,968,045</b>	<b>(118,030)</b>	<b>(178,590)</b>	<b>1,493,320</b>	<b>4,164,745</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,875,254</b>	<b>\$ 190,732</b>	<b>\$ 521,659</b>	<b>\$ 2,618,947</b>	<b>\$ 7,206,592</b>

**City of Arvin**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2014**

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**Total Fund Balances - Total Governmental Funds** \$ 4,164,745

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. 12,226,659

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 (34,263)

Compensated absences - due in more than one year (137,050)

Long-term debt - due within one year (3,072)

Long-term debt - due in more than one year (8,963)

Total long-term liabilities (183,348)

**Net Position of Governmental Activities** \$ 16,208,056

**City of Arvin**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2014**

	Major Funds			Non-major Governmental Funds	Total Governmental Funds
	General	Community Development Block Grant	TEA		
<b>REVENUES:</b>					
Property taxes and special assessments	\$ 178,385	\$ -	\$ -	\$ 688,921	\$ 867,306
Property tax in lieu of VLF	1,330,587	-	-	-	1,330,587
Sales tax	1,656,194	-	-	-	1,656,194
Franchise tax	750,452	-	-	-	750,452
Vehicle license tax	192,585	-	-	-	192,585
Other taxes	831	-	-	-	831
Licenses, permits and fees	490,947	-	-	392,306	883,253
Fines, forfeitures and penalties	11,393	-	-	-	11,393
Investment income	1,656	-	-	622	2,278
Lease revenue	50,637	-	-	-	50,637
Intergovernmental	198,842	439,878	-	647,462	1,286,182
Charges for current services	157,930	-	-	770	158,700
Other	33,436	-	-	17,392	50,828
<b>Total revenues</b>	<b>5,053,875</b>	<b>439,878</b>	<b>-</b>	<b>1,747,473</b>	<b>7,241,226</b>
<b>EXPENDITURES:</b>					
Current:					
General government	1,483,777	-	-	80,431	1,564,208
Public safety	2,657,162	-	-	381,525	3,038,687
Public works	138,741	29,692	7,455	562,552	738,440
Planning/community development	815,885	-	-	-	815,885
Capital outlay	160,665	528,216	128,882	110,049	927,812
<b>Total expenditures</b>	<b>5,256,230</b>	<b>557,908</b>	<b>136,337</b>	<b>1,134,557</b>	<b>7,085,032</b>
<b>REVENUES OVER (UNDER) EXPENDITURE</b>	<b>(202,355)</b>	<b>(118,030)</b>	<b>(136,337)</b>	<b>612,916</b>	<b>156,194</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	18,480	108,855	-	100,515	227,850
Transfers out	(190,902)	-	-	(18,480)	(209,382)
<b>Total other financing sources (uses)</b>	<b>(172,422)</b>	<b>108,855</b>	<b>-</b>	<b>82,035</b>	<b>18,468</b>
<b>NET CHANGE IN FUND BALANCES</b>					
<b>BEFORE EXTRAORDINARY ITEMS</b>	<b>(374,777)</b>	<b>(9,175)</b>	<b>(136,337)</b>	<b>694,951</b>	<b>174,662</b>
<b>EXTRAORDINARY ITEMS</b>					
Transfers to the Successor Agency (Note 14)	(3,752,867)	-	-	-	(3,752,867)
<b>NET CHANGE IN FUND BALANCES</b>	<b>(4,127,644)</b>	<b>(9,175)</b>	<b>(136,337)</b>	<b>694,951</b>	<b>(3,578,205)</b>
<b>FUND BALANCES:</b>					
Beginning of year	7,095,689	(108,855)	(42,253)	798,369	7,742,950
End of year	<u>\$ 2,968,045</u>	<u>\$ (118,030)</u>	<u>\$ (178,590)</u>	<u>\$ 1,493,320</u>	<u>\$ 4,164,745</u>

See accompanying Notes to the Basic Financial Statements.

**City of Arvin**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances to the Government-Wide Statement of Activities**  
**For the Year Ended June 30, 2014**

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**Net Change in Fund Balances - Total Governmental Funds** \$ (3,578,205)

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 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. 778,529

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. (350,606)

Repayment of long-term debt was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position. 3,072

Certain long-term liabilities were reported in the Government-Wide Statement of Activities, 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 (16,824)

**Change in Net Position of Governmental Activities** \$ (3,164,034)

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# PROPRIETARY FUND FINANCIAL STATEMENTS

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

*Sanitation Enterprise 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 Enterprise Fund* - accounts for financial activity related to the Enterprise Zone tax credit. The fund was terminated at July 1, 2013 and the cash and fund balances were transferred to Enterprise Zone Special Revenue Fund. (Non-Major Fund)

**City of Arvin**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

	Major Funds		Non-Major Fund	Total
	Transportation	Sanitation	Enterprise	
	Development		Zone	
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and investments	\$ -	\$ 1,392,543	\$ -	\$ 1,392,543
Accounts receivable	78,637	6,377	-	85,014
Prepaid items	26	-	-	26
Due from other governments	389,938	-	-	389,938
<b>Total current assets</b>	<b>468,601</b>	<b>1,398,920</b>	<b>-</b>	<b>1,867,521</b>
<b>Noncurrent assets:</b>				
Cash with fiscal agent	-	693,862	-	693,862
Capital assets:				
Non-depreciable	-	906,245	-	906,245
Depreciable, net	400,018	6,326,393	-	6,726,411
Total capital assets	400,018	7,232,638	-	7,632,656
<b>Total noncurrent assets</b>	<b>400,018</b>	<b>7,926,500</b>	<b>-</b>	<b>8,326,518</b>
<b>Total assets</b>	<b>868,619</b>	<b>9,325,420</b>	<b>-</b>	<b>10,194,039</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	23,709	8,447	-	32,156
Accrued payroll and benefits	9,817	-	-	9,817
Due to other funds	511,212	50,265	-	561,477
Compensated absences - due within one year	2,444	-	-	2,444
Long-term debt - due within one year	-	128,952	-	128,952
<b>Total current liabilities</b>	<b>547,182</b>	<b>187,664</b>	<b>-</b>	<b>734,846</b>
<b>Noncurrent liabilities:</b>				
Compensated absences - due in more than one year	9,776	-	-	9,776
Long-term debt - due in more than one year	-	4,572,642	-	4,572,642
<b>Total noncurrent liabilities</b>	<b>9,776</b>	<b>4,572,642</b>	<b>-</b>	<b>4,582,418</b>
<b>Total liabilities</b>	<b>556,958</b>	<b>4,760,306</b>	<b>-</b>	<b>5,317,264</b>
<b>NET POSITION</b>				
Net investment in capital assets	400,018	2,531,044	-	2,931,062
Restricted	-	693,862	-	693,862
Unrestricted	(88,357)	1,340,208	-	1,251,851
<b>Total net position</b>	<b>\$ 311,661</b>	<b>\$ 4,565,114</b>	<b>\$ -</b>	<b>\$ 4,876,775</b>

See accompanying Notes to the Basic Financial Statements.

**City of Arvin**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**

	Major Funds		Non-Major Fund	Total
	Transportation Development	Sanitation	Enterprise Zone	
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 82,801	\$ 2,465,870	\$ -	\$ 2,548,671
Other	-	-	-	-
<b>Total operating revenues</b>	<b>82,801</b>	<b>2,465,870</b>	<b>-</b>	<b>2,548,671</b>
<b>OPERATING EXPENSES:</b>				
Salaries and benefits	324,494	2,878	-	327,372
Vehicle operations	121,812	-	-	121,812
Sanitation operations	-	1,464,709	-	1,464,709
General and administrative	113,742	319,206	-	432,948
Miscellaneous	-	13,218	-	13,218
Depreciation	194,490	240,922	-	435,412
<b>Total operating expenses</b>	<b>754,538</b>	<b>2,040,933</b>	<b>-</b>	<b>2,795,471</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(671,737)</b>	<b>424,937</b>	<b>-</b>	<b>(246,800)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest income	-	135,068	-	135,068
Interest expense	-	(285,672)	-	(285,672)
Grant revenues	468,575	-	-	468,575
<b>Total nonoperating revenues (expenses)</b>	<b>468,575</b>	<b>(150,604)</b>	<b>-</b>	<b>317,971</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(203,162)</b>	<b>274,333</b>	<b>-</b>	<b>71,171</b>
<b>TRANSFERS:</b>				
Transfers out	-	-	(18,468)	(18,468)
<b>Total transfers</b>	<b>-</b>	<b>-</b>	<b>(18,468)</b>	<b>(18,468)</b>
<b>Changes in net position</b>	<b>(203,162)</b>	<b>274,333</b>	<b>(18,468)</b>	<b>52,703</b>
<b>NET POSITION:</b>				
Beginning of year	514,823	4,290,781	18,468	4,824,072
End of year	<u>\$ 311,661</u>	<u>\$ 4,565,114</u>	<u>\$ -</u>	<u>\$ 4,876,775</u>

**City of Arvin**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**

	Major Funds		Non-Major Fund	Total
	Transportation Development	Sanitation	Enterprise Zone	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 86,828	\$ 2,479,902	\$ -	\$ 2,566,730
Cash received from other funds	-	50,265	-	50,265
Cash payments to suppliers for goods and services	(226,410)	(1,903,513)	-	(2,129,923)
Cash payments to employees for services	(317,733)	(3,380)	-	(321,113)
Cash payments to other funds	(91,231)	-	-	(91,231)
<b>Net cash provided by (used in) operating activities</b>	<u>(548,546)</u>	<u>623,274</u>	<u>-</u>	<u>74,728</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Subsidy from Local Transportation Fund	553,020	-	-	553,020
Transfers out	-	-	(18,468)	(18,468)
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>553,020</u>	<u>-</u>	<u>(18,468)</u>	<u>534,552</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(4,474)	(14,632)	-	(19,106)
Principal reduction of debt	-	(122,023)	-	(122,023)
Interest expense	-	(285,672)	-	(285,672)
<b>Net cash (used in) capital and related financing activities</b>	<u>(4,474)</u>	<u>(422,327)</u>	<u>-</u>	<u>(426,801)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest from investments	-	135,068	-	135,068
<b>Net cash provided by investing activities</b>	<u>-</u>	<u>135,068</u>	<u>-</u>	<u>135,068</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	-	336,015	(18,468)	317,547
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	-	1,750,390	18,468	1,768,858
End of year	<u>\$ -</u>	<u>\$ 2,086,405</u>	<u>\$ -</u>	<u>\$ 2,086,405</u>
<b>RECONCILIATION TO STATEMENT OF NET POSITION:</b>				
Cash and investments	\$ -	\$ 1,392,543	\$ -	\$ 1,392,543
Restricted cash and investments with fiscal agents	-	693,862	-	693,862
<b>Total cash and cash equivalents</b>	<u>\$ -</u>	<u>\$ 2,086,405</u>	<u>\$ -</u>	<u>\$ 2,086,405</u>

See accompanying Notes to the Basic Financial Statements.

**City of Arvin**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**

	Major Funds		Non-Major Fund	Total
	Transportation Development	Sanitation	Enterprise Zone	
<b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>				
<b>TO NET CASH PROVIDED BY (USED IN)</b>				
<b>OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (671,737)	\$ 424,937	\$ -	\$ (246,800)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	194,490	240,922	-	435,412
Changes in operating assets and liabilities:				
Accounts receivable	4,027	14,032	-	18,059
Prepaid items	(26)	-	-	(26)
Accounts payable	9,170	(106,380)	-	(97,210)
Accrued payroll and benefits	3,581	(502)	-	3,079
Compensated absences	3,180	-	-	3,180
Due to other funds	(91,231)	50,265	-	(40,966)
Total adjustments	123,191	198,337	-	321,528
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (548,546)</b>	<b>\$ 623,274</b>	<b>\$ -</b>	<b>\$ 74,728</b>

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# FIDUCIARY FUND FINANCIAL STATEMENTS

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*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, 2014**

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	Successor Agency to the Arvin Community Redevelopment Agency Private-Purpose Trust Fund
	Trust Fund
<b>ASSETS</b>	
Cash and investments	\$ 280,828
Cash with fiscal agent	339,463
Accounts receivable	10,560
Land held for development	3,752,867
Capital assets:	
Nondepreciable	378,863
Depreciable, net	1,130,284
<b>Total assets</b>	<b>5,892,865</b>
<b>LIABILITIES</b>	
Accounts payable	18,709
Interest payable	163,021
Due to City of Arvin	603,292
Long-term debt:	
Due within one year	167,788
Due in more than one year	8,250,821
<b>Total liabilities</b>	<b>9,203,631</b>
<b>NET POSITION (DEFICIT)</b>	
Unrestricted (deficit)	(3,310,766)
<b>Total net position (deficit)</b>	<b>\$ (3,310,766)</b>

**City of Arvin**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2014**

	Successor Agency to the Arvin Community Redevelopment Agency Private-Purpose Trust Fund
<b>ADDITIONS:</b>	
Redevelopment Property Tax Trust Fund	\$ 679,798
Revenue from use of money and property	2,161
Gain on written down the notes payable to the City	358,320
<b>Total additions</b>	<b>1,040,279</b>
<b>DEDUCTIONS:</b>	
Program expenses for redevelopment	11,387
Administrative expenses	34,399
Interest and fiscal agent expenses	509,777
Depreciation expense	77,424
<b>Total deductions</b>	<b>632,987</b>
<b>Change in net position before extraordinary items</b>	<b>407,292</b>
<b>EXTRAORDINARY ITEMS:</b>	
Transfer from the City (Note 14)	3,752,867
<b>Change in net position</b>	<b>4,160,159</b>
<b>NET POSITION (DEFICIT):</b>	
Beginning of year, as restated (Note 13)	(7,470,925)
End of year	<b>\$ (3,310,766)</b>

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**City of Arvin**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
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**City of Arvin**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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**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 the Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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

***B. Basis of Accounting and Measurement Focus (Continued)***

In accordance with 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, 2014**

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**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.

Unavailable revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues 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 unavailable and unearned revenues are removed from the Balance Sheet and revenues are recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences.

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.

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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

**B. Basis of Accounting and Measurement Focus (Continued)**

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.

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.

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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

**C. Cash, Cash Equivalents and Investments (Continued)**

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

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 nonspendable.

**F. Land Held for Development**

The City acquired several parcels of land as part of its primary purpose to develop or redevelop properties. The City recorded these parcels as land held for development. These properties were transferred to the Successor Agency to the Arvin Community Redevelopment Agency (the “Successor Agency”) during the year ended June 30, 2014. These properties are reported at the lower of cost or estimated net realizable value. At June 30, 2014, the carrying amount for land held for development was \$3,752,867.

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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

**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 Government-Wide Financial Statements as “internal balances.”

**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, 2014**

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

**J. 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.

**K. 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.

**L. 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, 2014**

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

**L. 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. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes, it may be necessary to report a negative unassigned fund balance in that particular fund.

**M. 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

**N. 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.

**O. Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amount and disclosures. Accordingly, actual results could differ from those estimates.

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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

**P. Accounting Changes**

GASB has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The requirements of this statement improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This statement became effective for periods beginning after December 15, 2012 and result in certain restatements as disclosed in Note 13 to the basic financial statements and reclassification of certain accounts as presented in the statement of net position.

GASB has issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. The requirements of this statement resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. This statement became effective for periods beginning after December 15, 2012 and did not have a significant impact on the City’s financial statements for year ended June 30, 2014.

GASB has issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The requirements of this statement enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This statement also enhances the information disclosed about a government’s obligations and risk exposure from extending nonexchange financial guarantees. This statement also augments the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. This statement became effective for period beginning after June 15, 2013 and did not have a significant impact on the City’s financial statements for the year ended June 30, 2014.

**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, 2014.

	Government-Wide Statement of Net Position			Fiduciary Funds	
	Governmental Activities	Business-Type Activities	Total	Statement of Net Position	Total
Cash and investments	\$ 3,473,535	\$ 1,392,543	\$ 4,866,078	\$ 280,828	\$ 5,146,906
Cash with fiscal agents	-	693,862	693,862	339,463	1,033,325
<b>Total</b>	<b>\$ 3,473,535</b>	<b>\$ 2,086,405</b>	<b>\$ 5,559,940</b>	<b>\$ 620,291</b>	<b>\$ 6,180,231</b>

Cash, cash equivalents and investments consisted of the following at June 30, 2014:

Petty cash	\$ 305
Demand Deposits	2,018,780
Investments	3,127,821
Cash held by fiscal agents	1,033,325
<b>Total</b>	<b>\$ 6,180,231</b>

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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

**A. Deposits**

At June 30, 2014, the carrying amount of the City's deposits was \$2,018,780 and the bank balances were \$1,709,892. 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.

***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 Securitites	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.

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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

**B. Investments**

**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

**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, 2014, the City's investments had the following maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities (In Years)</u> <u>1 year or less</u>
Local Agency Investment Fund ("LAIF")	\$ 2,064,597	\$ 2,064,597
Central San Joaquin Valley Risk Management Authority ("CSJVRMA") Investment Pool	1,063,224	1,063,224
<b>Total</b>	<u>\$ 3,127,821</u>	<u>\$ 3,127,821</u>
<b>Percentage of Portfolio</b>		<u>100.00%</u>

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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

**C. Risks Disclosures**

**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 &amp; Poor's</u>
Local Agency Investment Fund	2,064,597	Not Rated	Not Rated
External Investment Pool	1,063,224	Not Rated	Not Rated
<b>Total</b>	<u>\$ 3,127,821</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>
CSJVRMA Investment Pool	External Investment Pool	\$ 1,063,224

**D. Investment in Local Agency Investment Fund**

The City’s investments with LAIF at June 30, 2014, 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.

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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

***D. Investment in Local Agency Investment Fund (Continued)***

As of June 30, 2014, the City had \$2,064,597 invested in LAIF, which had invested 1.86% 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, 2014, 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, 2014.

***E. Investment in Central San Joaquin Valley Risk Management Authority Investment Pool***

The City invested \$1,082,984 into an investment pool account with the Central San Joaquin Valley Risk Management Authority (“CSJVRMA”). At June 30, 2014 this account was valued at \$1,063,224. The City received an average yield of 1.52% for the fiscal year ended June 30, 2014 on this investment.

***F. Cash with Fiscal Agents***

At June 30, 2014, cash with fiscal agents were as follows:

		<u>Funds Held By</u>
<b>Business-Type Activities:</b>		
Sanitation Fund		
Deposits Veolia Water Operating Account	\$ 693,862	Union Bank of California
<b>Fiduciary Fund Financial Statements:</b>		
Successor Agency		
Tax Allocation Bonds 2005 Series	183,564	Wells Fargo Bank
Tax Allocation Bonds 2008 Series	155,899	Wells Fargo Bank
<b>Total cash and investments with fiscal agents</b>	<u>\$ 1,033,325</u>	

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

**Note 3 – Interfund Balances and Transactions**

**Due to/Due from other funds**

At June 30, 2014, interfund receivables and payables were as follows:

		<b>Due from other funds</b>			
		General Fund	TEA Special Revenue Fund	Nonmajor Governmental Fund	Total
<b>Due to other funds</b>	Community Development Block Grant Speical Revenue Fund	\$ 66,963	\$ -	\$ -	\$ 66,963
	TEA Special Revenue Fund	698,248	-	-	698,248
	Nonmajor Governmental Funds	474,484	394,710	148,125	1,017,319
	Transportation Development Enterprise Fund	511,212	-	-	511,212
	Sanitation Enterprise Fund	50,265	-	-	50,265
	<b>Total</b>	<b>\$ 1,801,172</b>	<b>\$ 394,710</b>	<b>\$ 148,125</b>	<b>\$ 2,344,007</b>

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, 2014, transfers in and out consisted of the followings:

		<b>Transfers in</b>			
		General Fund	Community Development Block Grant Special Revenue Fund	Nonmajor Governmental Fund	Total
<b>Transfers out</b>	General Fund	\$ -	\$ 108,855	82,047	\$ 190,902
	Nonmajor Governmental Funds	18,480	-	-	18,480
	Nonmajor Enterprise Fund	-	-	18,468	18,468
	<b>Total</b>	<b>\$ 18,480</b>	<b>\$ 108,855</b>	<b>\$ 100,515</b>	<b>\$ 227,850</b>

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 revenue funds or enterprise funds shortfalls with General Fund.

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

**Note 4 – Capital Assets**

**A. Government-Wide Financial Statements**

Summary of changes in capital assets for governmental activities for the year ended June 30, 2014 are as follows:

	Balance July 1, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
<b>Governmental Activities:</b>					
Capital assets, not being depreciated					
Land	\$ 234,035	\$ -	\$ -	-	\$ 234,035
Construction in progress	4,414,092	692,636	-	(1,326,363)	3,780,365
Total capital assets, not being depreciated	<u>4,648,127</u>	<u>692,636</u>	<u>-</u>	<u>(1,326,363)</u>	<u>4,014,400</u>
Capital assets, being depreciated					
Building and improvements	5,147,158	-	-	-	5,147,158
Machinery and equipment	1,501,051	-	-	-	1,501,051
Automotive equipment	1,588,093	84,078	-	-	1,672,171
Infrastructure	3,671,211	1,815	-	1,326,363	4,999,389
Total capital assets, being depreciated	<u>11,907,513</u>	<u>85,893</u>	<u>-</u>	<u>1,326,363</u>	<u>13,319,769</u>
Accumulated depreciation:					
Building and improvements	(1,786,488)	(124,830)			(1,911,318)
Machinery and equipment	(1,169,774)	(47,361)			(1,217,135)
Automotive equipment	(1,392,665)	(81,653)			(1,474,318)
Infrastructure	(407,977)	(96,762)			(504,739)
Total accumulated depreciation	<u>(4,756,904)</u>	<u>(350,606)</u>	<u>-</u>	<u>-</u>	<u>(5,107,510)</u>
Total capital assets, being depreciated, net	<u>7,150,609</u>	<u>(264,713)</u>	<u>-</u>	<u>1,326,363</u>	<u>8,212,259</u>
Total capital assets, net	<u>\$ 11,798,736</u>	<u>\$ 427,923</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,226,659</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 125,644
Public safety	58,429
Public works	153,829
Community development	12,704
<b>Total depreciation expenses</b>	<u><u>\$ 350,606</u></u>

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

**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, 2014 are as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated				
Land	\$ 906,245	\$ -	\$ -	906,245
Total capital assets, not being depreciated	<u>906,245</u>	<u>-</u>	<u>-</u>	<u>906,245</u>
Capital assets, being depreciated				
Building and improvements	4,216,103	-	-	4,216,103
Machinery and equipment	115,226	4,474	-	119,700
Automotive equipment	909,156	-	-	909,156
Infrastructure	5,903,462	14,632	-	5,918,094
Total capital assets, being depreciated	<u>11,143,947</u>	<u>19,106</u>	<u>-</u>	<u>11,163,053</u>
Accumulated depreciation:				
Building and improvements	(1,779,309)	(103,701)	-	(1,883,010)
Machinery and equipment	(63,786)	(11,941)	-	(75,727)
Automotive equipment	(371,616)	(181,831)	-	(553,447)
Infrastructure	(1,786,519)	(137,939)	-	(1,924,458)
Total accumulated depreciation	<u>(4,001,230)</u>	<u>(435,412)</u>	<u>-</u>	<u>(4,436,642)</u>
Total capital assets, being depreciated, net	<u>7,142,717</u>	<u>(416,306)</u>	<u>-</u>	<u>6,726,411</u>
Total capital assets, net	<u>\$ 8,048,962</u>	<u>\$ (416,306)</u>	<u>\$ -</u>	<u>\$ 7,632,656</u>

Depreciation expenses for business-type activities for the year ended June 30, 2014 are as follows:

Transportation Development	\$ 194,490
Sanitation	<u>240,922</u>
<b>Total depreciation expenses</b>	<u><u>\$ 435,412</u></u>

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

**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, 2014 are as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b>Fiduciary-Type Activities:</b>				
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	(64,407)	(12,380)	-	(76,787)
Infrastructure	(84,613)	(19,704)	-	(104,317)
Vehicles	(136,019)	(45,340)	-	(181,359)
Total accumulated depreciation	<u>(285,039)</u>	<u>(77,424)</u>	<u>-</u>	<u>(362,463)</u>
Total capital assets, being depreciated, net	<u>1,207,708</u>	<u>(77,424)</u>	<u>-</u>	<u>1,130,284</u>
Total capital assets, net	<u>\$ 1,586,571</u>	<u>\$ (77,424)</u>	<u>\$ -</u>	<u>\$ 1,509,147</u>

Depreciation expenses for fiduciary activities for the year ended June 30, 2014 was \$77,424.

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

**Note 5 – Long-Term Debt**

**A. Governmental Activities**

Summary of changes in governmental activities long-term debt for the year ended June 30, 2014 are as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Amount Due Within One Year	Amount Due In More Than One Year
North Bakersfield Toyota	\$ 15,107	\$ -	\$ (3,072)	\$ 12,035	\$ 3,072	\$ 8,963
<b>Total</b>	<b>\$ 15,107</b>	<b>\$ -</b>	<b>\$ (3,072)</b>	<b>\$ 12,035</b>	<b>\$ 3,072</b>	<b>\$ 8,963</b>

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, 2014 was \$12,035.

The annual debt service requirements on the loan outstanding at June 30, 2014, were as follows:

Year Ending June 30,	Principal	Interest	Total
2015	3,072	-	3,072
2016	3,072	-	3,072
2017	3,072	-	3,072
2018	2,819	-	2,819
Total	<b>\$ 12,035</b>	<b>\$ -</b>	<b>\$ 12,035</b>

The cost of the vehicle was \$35,363 and the accumulated depreciation at June 30, 2014 was \$14,145.

**B. Business-Type Activities**

Summary of changes in business-type activities long-term debt for the year ended June 30, 2014 are as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Amount Due Within One Year	Amount Due In More Than One Year
Contract Obligations						
Veolia Water North American Operating Services, LLC	\$ 4,823,617	\$ -	\$ (122,023)	\$ 4,701,594	\$ 128,952	\$ 4,572,642
<b>Total</b>	<b>\$ 4,823,617</b>	<b>\$ -</b>	<b>\$ (122,023)</b>	<b>\$ 4,701,594</b>	<b>\$ 128,952</b>	<b>\$ 4,572,642</b>

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

**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, 2014, were as follows:

Year Ending June 30,	Principal	Interest	Total
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	160,835	225,169	386,004
2020-2024	952,008	978,012	1,930,020
2025-2029	1,254,821	675,199	1,930,020
2030-2034	1,653,954	276,066	1,930,020
2034-2035	118,542	1,310	119,852
Total	<u>\$ 4,701,594</u>	<u>\$ 3,138,338</u>	<u>\$ 7,839,932</u>

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

**Note 5 – Long-Term Debt (Continued)**

**C. Fiduciary Funds**

Summary of changes in fiduciary funds long-term debt for the year ended June 30, 2014 are as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Amount Due Within One Year	Amount Due In More Than One Year
2005 Tax Allocation Bonds	\$ 5,450,000	\$ -	\$ (135,000)	\$ 5,315,000	\$ 140,000	\$ 5,175,000
2008 Tax Allocation Bonds	3,410,000	-	(35,000)	3,375,000	40,000	3,335,000
<b>Total Tax Allocation Bonds</b>	<b>8,860,000</b>	<b>-</b>	<b>(170,000)</b>	<b>8,690,000</b>	<b>180,000</b>	<b>8,510,000</b>
Less deferred amounts:						
Bond discounts	(283,603)	-	12,212	(271,391)	(12,212)	(259,179)
Total deferred amounts	(283,603)	-	12,212	(271,391)	(12,212)	(259,179)
<b>Total</b>	<b>\$ 8,576,397</b>	<b>\$ -</b>	<b>\$ (157,788)</b>	<b>\$ 8,418,609</b>	<b>\$ 167,788</b>	<b>\$ 8,250,821</b>

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, 2014 were \$5,315,000.

The annual debt service requirements on the loan outstanding at June 30, 2014, were as follows:

Year Ending June 30,	Principal	Interest	Total
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	170,000	234,103	404,103
2020-2024	975,000	1,037,856	2,012,856
2025-2029	1,235,000	761,891	1,996,891
2030-2034	1,585,000	403,722	1,988,722
2035-2036	750,000	38,950	788,950
Total	<b>\$ 5,315,000</b>	<b>\$ 3,484,714</b>	<b>\$ 8,799,714</b>

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

**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, 2014 were \$3,375,000.

The annual debt service requirements on the loan outstanding at June 30, 2014, were as follows:

Year Ending June 30,	Principal	Interest	Total
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	45,000	206,463	251,463
2020-2024	275,000	985,638	1,260,638
2025-2029	375,000	881,563	1,256,563
2030-2035	640,000	863,850	1,503,850
2036-2039	1,875,000	291,688	2,166,688
Total	<u>\$ 3,375,000</u>	<u>\$ 4,078,565</u>	<u>\$ 7,453,565</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 2014 was \$679,798. Total debt service of all Tax Allocation Bonds paid was \$655,353, 96.4% 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, 2014**

**Note 6 – Compensated Absences**

Summary of changes in compensated absences for the year ended June 30, 2014, was as follows:

	Balance			Balance	Amount	Amount
	July 1, 2013	Additions	Deletions	June 30, 2014	Due Within	Due in More
					One Year	Than One Year
Governmental Activities	\$ 154,489	\$ 51,691	\$ (34,867)	\$ 171,313	\$ 34,263	\$ 137,050
Business-Type Activities	9,040	4,231	(1,051)	12,220	2,444	9,776
<b>Total</b>	<b>\$ 163,529</b>	<b>\$ 55,922</b>	<b>\$ (35,918)</b>	<b>\$ 183,533</b>	<b>\$ 36,707</b>	<b>\$ 146,826</b>

The City’s liability for vested and unpaid compensated absences (accrued vacation) has been accrued and totaled to \$171,313 for governmental activities and \$12,220 for business-type activities at June 30, 2014. Compensated absences are generally liquidated by the General Fund for the governmental activities and by Transportation Development Enterprise Fund for the business-type activities.

**Note 7 – Retirement Plans**

***Plan Description***

The City contributes to the California Public Employees’ Retirement System (“CalPERS”), a cost-sharing multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS 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 CalPERS’ 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 miscellaneous-tier 1 employees pays for 4.5% of their covered salary and safety-tier 1 employees pays for 0% while the City pays for the difference on behalf of the employees. The tier 2 employees contribute 100% of their employee contributions. The City makes the contributions required of City employees on their behalf and for their account, which amounted to \$159,077 for the year ended June 30, 2014. The City is also required to contribute for fiscal year 2013-2014 at an actuarially determined rate of 8.052%, 6.25%, 14.16%, 9.50% of annual covered payroll for miscellaneous-tier 1, miscellaneous-tier 2, safety-tier 1, and safety–tier 2, respectively.

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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**Note 7 – Retirement Plans (Continued)**

***Annual Pension Cost***

For the year ended June 30, 2014, the City’s annual pension cost of \$396,264 for CalPERS was equal to the City’s required and actual contributions. The required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.30% to 14.20% depending on age, service, and type of employment, and (c) 3.00% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.75%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period. CalPERS’ unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period at June 30, 2011 was 20 years for the Miscellaneous Plan and 17 years for the Safety Plan for prior and current service unfunded liability.

**THREE-YEAR TREND INFORMATION FOR CalPERS**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	308,487	100%	-
6/30/2013	379,585	100%	-
6/30/2014	396,264	100%	-

***Funded Status and Funding Progress***

CalPERS established a risk pool for cities and other government entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, stand alone information of the schedules of funding progress for the City’s miscellaneous and safety employees is no longer available nor disclosed.

**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.

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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**Note 8 – Risk Management and Self-Insurance (Continued)**

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, 2014, are presented below:

Total assets	\$ 80,694,798
Total liabilities	\$ 65,440,947
Total equities	\$ 15,253,851
Total revenues	\$ 32,108,146
Total expenses	\$ 32,739,704
Revenues over (under) expenses	\$ (631,558)

**Note 9 – Other Required Fund Disclosures**

At June 30, 2014, the following funds had deficit net position/fund balance:

Fund Type	Funds	Deficit
Special Revenue Fund	Community Development Block Grant	\$ (118,030)
Special Revenue Fund	TEA Fund	(178,590)
Special Revenue Fund	CMAQ Grant	(2,254)
Special Revenue Fund	COPS Program	(10,751)
Special Revenue Fund	JARC Operations Grant	(31,578)
Special Revenue Fund	Prop 84 Park	(203,599)
Special Revenue Fund	RSTP Funds	(135,525)
Fiduciary Fund	Successor Agency Private Purpose Trust Fund	(3,310,766)

The City expects to eliminate the deficit for the special revenue funds through transfers from other funds.

The Successor Agency Private Purpose Trust Fund deficit resulted from outstanding tax allocation bonds in excess of the total assets. The City expects the deficit to be repaid via future property tax increment.

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

**Note 10 – Excess Expenditures over Appropriations**

For the year ended June 30, 2014, expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	\$ 4,379,230	\$ 5,256,230	\$ 877,000
CMAQ Special Revenue Fund	1,449	3,300	1,851
State Gas Tax Special Revenue Fund	360,578	427,908	67,330
Transportation Development Act (Non-Transit) Special Revenue Fund	5,866	9,334	3,468
COPS Program Special Revenue Fund	97,729	110,680	12,951
LLMD Special Revenue Fund	360,578	427,908	67,330
Traffic Offenders Special Revenue Fund	-	16,308	16,308
JARC Operating Special Revenue Fund	47,551	69,685	22,134
Prop 84 Park Special Revenue Fund	100,000	203,599	103,599

**Note 11 – Classification of Fund Balances**

At June 30, 2014, fund balances are classified as follows:

	<u>Major</u>				<u>Total</u>
	<u>Community Development</u>			<u>Non-Major Governmental Funds</u>	
	<u>General Fund</u>	<u>Block Grant Special Revenue Fund</u>	<u>TEA Special Revenue Fund</u>		
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>		
<b>Nonspendable</b>					
Prepaid items	\$ 3,449	\$ -	\$ -	\$ 18	\$ 3,467
Due from Successor Agency	603,292	-	-	-	603,292
<b>Total nonspendable</b>	<u>606,741</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>606,759</u>
<b>Restricted</b>					
State Gas Tax	-	-	-	222,942	222,942
Transportation development (Non-Transit)	-	-	-	143,562	143,562
LLMD District	-	-	-	78,207	78,207
Traffic offenders law enforcement	-	-	-	2,576	2,576
Prop 1B traffic signal and security	-	-	-	305,078	305,078
Traffic impact fees	-	-	-	609,871	609,871
ARRA Grant	-	-	-	73	73
PTMISEA Fence Grant	-	-	-	171,366	171,366
Park improvement	-	-	-	188,594	188,594
JARC Capital Grant	-	-	-	116,038	116,038
AB109	-	-	-	30,150	30,150
Enterprise zone tax credit	-	-	-	8,555	8,555
<b>Total restricted</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,877,012</u>	<u>1,877,012</u>
<b>Unassigned</b>	<u>2,361,304</u>	<u>(118,030)</u>	<u>(178,590)</u>	<u>(383,710)</u>	<u>1,680,974</u>
<b>Total fund balances</b>	<u>\$ 2,968,045</u>	<u>\$ (118,030)</u>	<u>\$ (178,590)</u>	<u>\$ 1,493,320</u>	<u>\$ 4,164,745</u>

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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**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.

**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, 2014 was \$693,862. 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 Enterprise Fund within the proprietary fund financial statements, and in the business-type activities portions of the government-wide financial statements.

**City of Arvin**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2014**

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**Note 12 – Commitments and Contingencies (Continued)**

**City Loan to Successor Agency**

The General Fund has loaned a cumulative amount of \$551,675 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 Successor Agency's Required Operating Payments Schedule. At June 30, 2014, total principal and interest outstanding was \$603,292.

**Note 13 – Prior Period Adjustments**

The City and the Successor Agency implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* during the year ended June 30, 2014. Bond issuance costs are recognized as expenses in the year they are incurred. Prior to the implementation, these items were deferred and amortized over the life of the existing debt. The unamortized deferred charges on bond issuance costs at July 1, 2013 was in the amount of \$134,922 for the Successor Agency. The beginning net position at July 1, 2013 was restated as follow:

	<b>Successor Agency to the Arvin Community Redevelopment Agency Private-purpose Trust Fund</b>
Beginning Net Position, as previously reported	\$ (7,336,002)
Prior period adjustment	(134,923)
Beginning Net Position, as restated	\$ (7,470,925)

**Note 14 – Transfer to Successor Agency**

In response to the asset transfer review performed by the State Controller's Office, the City transferred the land held for development purchased by the former Arvin Community Redevelopment Agency back to the Successor Agency during the year ended June 30, 2014. The carrying value of the land held for development was \$3,752,867. Due to its infrequent and unusual nature, the transfer was reported as extraordinary item in the accompanying financial statements.

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**REQUIRED SUPPLEMENTARY  
INFORMATION (Unaudited)**

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**City of Arvin**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2014**

*Budget Comparison Schedule, General Fund*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 236,500	\$ 236,500	\$ 178,385	\$ (58,115)
Property taxes in lieu of VLF	1,332,000	1,332,000	1,330,587	(1,413)
Sales tax	1,485,412	1,485,412	1,656,194	170,782
Franchise tax	602,440	602,440	750,452	148,012
Vehicle license tax	220,000	220,000	192,585	(27,415)
Other taxes	-	-	831	831
Licenses, permits and fees	203,453	203,453	490,947	287,494
Fines, forfeitures and penalties	8,000	8,000	11,393	3,393
Investment income	5,000	5,000	1,656	(3,344)
Lease revenue	60,640	60,640	50,637	(10,003)
Intergovernmental	19,100	19,100	198,842	179,742
Charges for current services	219,235	219,235	157,930	(61,305)
Other	186,300	186,300	33,436	(152,864)
<b>Total revenues</b>	<b>4,578,080</b>	<b>4,578,080</b>	<b>5,053,875</b>	<b>475,795</b>
<b>EXPENDITURES:</b>				
Current:				
General government	961,778	961,778	1,483,777	(521,999)
Public safety	2,877,259	2,877,259	2,657,162	220,097
Public works	126,473	126,473	138,741	(12,268)
Culture and recreation	281,720	281,720	815,885	(534,165)
Capital Outlay	132,000	132,000	160,665	(28,665)
<b>Total expenditures</b>	<b>4,379,230</b>	<b>4,379,230</b>	<b>5,256,230</b>	<b>(877,000)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>198,850</b>	<b>198,850</b>	<b>(202,355)</b>	<b>(401,205)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	92,000	92,000	18,480	(73,520)
Transfers out	(92,000)	(92,000)	(190,902)	(98,902)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(172,422)</b>	<b>(172,422)</b>
<b>EXTRAORDINARY ITEMS:</b>				
Transfers to Successor Agency	-	-	(3,752,867)	(3,752,867)
<b>NET CHANGES IN FUND BALANCES</b>	<b>\$ 198,850</b>	<b>\$ 198,850</b>	<b>(4,127,644)</b>	<b>\$ (4,326,494)</b>
<b>FUND BALANCES:</b>				
Beginning of year			7,095,689	
End of year			<u>\$ 2,968,045</u>	

**City of Arvin**  
**Required Supplementary Information (Continued)**  
**For the Year Ended June 30, 2014**

*Budget Comparison Schedule, Community Development Block Grant Special Revenue Fund*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 1,057,260	\$ 1,057,260	\$ 439,878	\$ (617,382)
<b>EXPENDITURES:</b>				
Current:				
Public works	28,970	28,970	29,692	(722)
Capital Outlay	971,304	971,304	528,216	443,088
<b>Total expenditures</b>	<u>1,000,274</u>	<u>1,000,274</u>	<u>557,908</u>	<u>442,366</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>56,986</u>	<u>56,986</u>	<u>(118,030)</u>	<u>(175,016)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	108,855	108,855
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>108,855</u>	<u>108,855</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ 56,986</u>	<u>\$ 56,986</u>	(9,175)	<u>\$ (66,161)</u>
<b>FUND BALANCES:</b>				
Beginning of year			<u>(108,855)</u>	
End of year			<u>\$ (118,030)</u>	

**City of Arvin**  
**Required Supplementary Information (Continued)**  
**For the Year Ended June 30, 2014**

*Budget Comparison Schedule, TEA Special Revenue Fund*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 800,000	\$ 800,000	\$ -	\$ (800,000)
<b>EXPENDITURES:</b>				
Current:				
Public works	7,243	7,243	7,455	(212)
Capital Outlay	985,000	985,000	128,882	856,118
<b>Total expenditures</b>	<b>992,243</b>	<b>992,243</b>	<b>136,337</b>	<b>855,906</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(192,243)</b>	<b>(192,243)</b>	<b>(136,337)</b>	<b>55,906</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	25,000	25,000	-	(25,000)
<b>Total other financing sources (uses)</b>	<b>25,000</b>	<b>25,000</b>	<b>-</b>	<b>(25,000)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>\$ (167,243)</b>	<b>\$ (167,243)</b>	<b>(136,337)</b>	<b>\$ 30,906</b>
<b>FUND BALANCES:</b>				
Beginning of year			(42,253)	
End of year			<u>\$ (178,590)</u>	

**City of Arvin**  
**Required Supplementary Information (Continued)**  
**For the Year Ended June 30, 2014**

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**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.

For the year ended June 30, 2014, there were no adopted operating budgets for ARRA Grant Special Revenue Fund, Federal Police Grant Special Revenue Fund, JARC Capital Grant Special Revenue Fund, and AB109 Special Revenue Fund.

**City of Arvin**  
**Required Supplementary Information (Continued)**  
**For the Year Ended June 30, 2014**

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**Schedule of Funding Progress – California Public Employees’ Retirement System Plan (“CalPERS”)**

CalPERS established a risk pool for cities and other government entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, stand alone information of the schedules of funding progress for the City’s miscellaneous and safety employees is no longer available nor disclosed.

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# **SUPPLEMENTARY INFORMATION**

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# Nonmajor Governmental Funds

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## Special Revenue Funds:

***CMAQ Grant Fund*** - In the effort to improve air quality, this fund is used to build a CNG station in the anticipation that the City would convert its fleet to natural gas during the next few years to reduce the carbon footprint.

***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 (Non-Transit) Fund*** - Accounts for sales tax monies received from Kern Council of Governments restricted for street and road 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.

Assembly Bill 3229 for "front-line" police related activities for the Citizens' Option for Public Safety Program ("COPS").

***LLMD Fund*** - Accounts for assessment money received from district property owners restricted for use for maintenance expenditures in the landscape and lighting maintenance district.

***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 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.

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# Nonmajor Governmental Funds (Continued)

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## **Special Revenue Funds (Continued):**

*Federal Police Grant Fund* - 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 Fund* - Accounts for the grants received which have been restricted to provide low income employees transit services to work.

*JARC Capital 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.

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

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

*Enterprise Zone* - Accounts for the financial activity related to the Enterprise Zone Tax Credit.

**City of Arvin**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2014**

	Special Revenue				
	CMAQ Grant	State Gas Tax	Transportation Development Act		COPS Program
			(Non-Transit)	RSTP	
<b>ASSETS</b>					
Cash and investments	\$ 1,045	\$ 480,787	\$ 150,148	\$ -	\$ 99,226
Accounts receivables	68,486	8,421	-	4,450	-
Due from other funds	-	-	146,000	-	-
Prepaid items	-	13	-	-	3
<b>Total assets</b>	<b>\$ 69,531</b>	<b>\$ 489,221</b>	<b>\$ 296,148</b>	<b>\$ 4,450</b>	<b>\$ 99,229</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 14,932	\$ 3,217	\$ 13,758	\$ 12,677
Accrued payroll and benefits	-	34,192	40	-	7,119
Due to other funds	71,785	217,142	149,329	126,217	90,184
<b>Total liabilities</b>	<b>71,785</b>	<b>266,266</b>	<b>152,586</b>	<b>139,975</b>	<b>109,980</b>
<b>Fund Balances:</b>					
Nonspendable	-	13	-	-	3
Restricted	-	222,942	143,562	-	-
Unassigned	(2,254)	-	-	(135,525)	(10,754)
<b>Total fund balances</b>	<b>(2,254)</b>	<b>222,955</b>	<b>143,562</b>	<b>(135,525)</b>	<b>(10,751)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 69,531</b>	<b>\$ 489,221</b>	<b>\$ 296,148</b>	<b>\$ 4,450</b>	<b>\$ 99,229</b>

**City of Arvin**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds (Continued)**  
**June 30, 2014**

	Special Revenue				
	LLMD	Asset Forfeiture	Traffic Offender	Prop 1B	Traffic Impact Fees
<b>ASSETS</b>					
Cash and investments	\$ 121,703	\$ -	\$ 2,576	\$ 305,078	\$ 609,871
Accounts receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid items	2	-	-	-	-
<b>Total assets</b>	<b>\$ 121,705</b>	<b>\$ -</b>	<b>\$ 2,576</b>	<b>\$ 305,078</b>	<b>\$ 609,871</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 4,585	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	1,449	-	-	-	-
Due to other funds	37,462	-	-	-	-
<b>Total liabilities</b>	<b>43,496</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable	2	-	-	-	-
Restricted	78,207	-	2,576	305,078	609,871
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>78,209</b>	<b>-</b>	<b>2,576</b>	<b>305,078</b>	<b>609,871</b>
<b>Total liabilities and fund balances</b>	<b>\$ 121,705</b>	<b>\$ -</b>	<b>\$ 2,576</b>	<b>\$ 305,078</b>	<b>\$ 609,871</b>

(Continued)

**City of Arvin**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds (Continued)**  
**June 30, 2014**

	Special Revenue				
	ARRA Grant	PTMISEA Fence Grant	Federal Police Grant	JARC Operations Grant	JARC Capital Grant
<b>ASSETS</b>					
Cash and investments	\$ 73	\$ 171,613	\$ -	\$ 38,107	\$ 116,038
Accounts receivables	-	-	-	43,947	-
Due from other funds	-	-	-	-	-
Prepaid items	-	-	-	-	-
<b>Total assets</b>	<b>\$ 73</b>	<b>\$ 171,613</b>	<b>\$ -</b>	<b>\$ 82,054</b>	<b>\$ 116,038</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 984	\$ -
Accrued payroll and benefits	-	247	-	1,490	-
Due to other funds	-	-	-	111,158	-
<b>Total liabilities</b>	<b>-</b>	<b>247</b>	<b>-</b>	<b>113,632</b>	<b>-</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	73	171,366	-	-	116,038
Unassigned	-	-	-	(31,578)	-
<b>Total fund balances</b>	<b>73</b>	<b>171,366</b>	<b>-</b>	<b>(31,578)</b>	<b>116,038</b>
<b>Total liabilities and fund balances</b>	<b>\$ 73</b>	<b>\$ 171,613</b>	<b>\$ -</b>	<b>\$ 82,054</b>	<b>\$ 116,038</b>

**City of Arvin**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds (Continued)**  
**June 30, 2014**

	Special Revenue				Total Non-major Governmental Funds
	Prop 84			Enterprise	
	Park	Park Fees	AB109	Zone	
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 188,594	\$ 41,553	\$ 19,088	\$ 2,345,500
Accounts receivables	-	-	-	-	125,304
Due from other funds	-	-	2,125	-	148,125
Prepaid items	-	-	-	-	18
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 188,594</b>	<b>\$ 43,678</b>	<b>\$ 19,088</b>	<b>\$ 2,618,947</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ 13,528	\$ 90	\$ 63,771
Accrued payroll and benefits	-	-	-	-	44,537
Due to other funds	203,599	-	-	10,443	1,017,319
<b>Total liabilities</b>	<b>203,599</b>	<b>-</b>	<b>13,528</b>	<b>10,533</b>	<b>1,125,627</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	18
Restricted	-	188,594	30,150	8,555	1,877,012
Unassigned	(203,599)	-	-	-	(383,710)
<b>Total fund balances</b>	<b>(203,599)</b>	<b>188,594</b>	<b>30,150</b>	<b>8,555</b>	<b>1,493,320</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 188,594</b>	<b>\$ 43,678</b>	<b>\$ 19,088</b>	<b>\$ 2,618,947</b>

(Concluded)

**City of Arvin**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2014**

	Special Revenue				
	CMAQ Grant	State Gas Tax	Transportation Development Act (Non-Transit)	RSTP	COPS Program
<b>REVENUES:</b>					
Property taxes and special assessments	\$ -	\$ 579,928	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-
Investment income	-	-	-	-	-
Intergovernmental	1,046	-	-	813	100,000
Charges for current services	-	-	-	-	-
Other	-	-	-	-	-
<b>Total revenues</b>	<b>1,046</b>	<b>579,928</b>	<b>-</b>	<b>813</b>	<b>100,000</b>
<b>EXPENDITURES:</b>					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	110,680
Public Works	1,485	425,158	3,367	38,130	-
Capital outlay	1,815	2,750	5,967	-	-
<b>Total expenditures</b>	<b>3,300</b>	<b>427,908</b>	<b>9,334</b>	<b>38,130</b>	<b>110,680</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,254)</b>	<b>152,020</b>	<b>(9,334)</b>	<b>(37,317)</b>	<b>(10,680)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	-	-	-	-	-
Transfers Out	-	-	(12,900)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(12,900)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(2,254)</b>	<b>152,020</b>	<b>(22,234)</b>	<b>(37,317)</b>	<b>(10,680)</b>
<b>FUND BALANCES:</b>					
Beginning of year	-	70,935	165,796	(98,208)	(71)
End of year	<u>\$ (2,254)</u>	<u>\$ 222,955</u>	<u>\$ 143,562</u>	<u>\$ (135,525)</u>	<u>\$ (10,751)</u>

**City of Arvin**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds (Continued)**  
**For the Year Ended June 30, 2014**

	Special Revenue				
	LLMD	Asset Forfeiture	Traffic Offenders	Prop 1B	Traffic Impact Fees
<b>REVENUES:</b>					
Property taxes and special assessments	\$ 108,993	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	2,045	-	390,261
Investment income	-	-	-	-	428
Intergovernmental	-	-	-	223,161	-
Charges for current services	-	-	-	-	-
Other	-	-	-	-	-
<b>Total revenues</b>	<b>108,993</b>	<b>-</b>	<b>2,045</b>	<b>223,161</b>	<b>390,689</b>
<b>EXPENDITURES:</b>					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	94,412	-	-	-	-
Capital outlay	-	-	16,308	-	-
<b>Total expenditures</b>	<b>94,412</b>	<b>-</b>	<b>16,308</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>14,581</b>	<b>-</b>	<b>(14,263)</b>	<b>223,161</b>	<b>390,689</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	-	3,873	-	-	-
Transfers Out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>3,873</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>14,581</b>	<b>3,873</b>	<b>(14,263)</b>	<b>223,161</b>	<b>390,689</b>
<b>FUND BALANCES:</b>					
Beginning of year	63,628	(3,873)	16,839	81,917	219,182
End of year	<u>\$ 78,209</u>	<u>\$ -</u>	<u>\$ 2,576</u>	<u>\$ 305,078</u>	<u>\$ 609,871</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, 2014**

	Special Revenue				
	ARRA Grant	PTMISEA Fence Grant	Federal Police Grant	JARC Operations Grant	JARC Capital Grant
<b>REVENUES:</b>					
Property taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-
Investment income	-	-	-	-	-
Intergovernmental	78,550	-	-	-	-
Charges for current services	-	-	-	-	-
Other	-	17,392	-	-	-
<b>Total revenues</b>	<b>78,550</b>	<b>17,392</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>					
Current:					
General Government	63	-	-	69,685	-
Public Safety	-	247	-	-	-
Public Works	-	-	-	-	-
Capital outlay	78,646	-	-	-	-
<b>Total expenditures</b>	<b>78,709</b>	<b>247</b>	<b>-</b>	<b>69,685</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(159)</b>	<b>17,145</b>	<b>-</b>	<b>(69,685)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	-	-	40,067	38,107	-
Transfers Out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>40,067</b>	<b>38,107</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(159)</b>	<b>17,145</b>	<b>40,067</b>	<b>(31,578)</b>	<b>-</b>
<b>FUND BALANCES:</b>					
Beginning of year	232	154,221	(40,067)	-	116,038
End of year	<b>\$ 73</b>	<b>\$ 171,366</b>	<b>\$ -</b>	<b>\$ (31,578)</b>	<b>\$ 116,038</b>

**City of Arvin**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds (Continued)**  
**For the Year Ended June 30, 2014**

	Special Revenue				Total Non-major Governmental Funds
	Prop 84 Park	Park Fees	AB109	Enterprise Zone	
<b>REVENUES:</b>					
Property taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ 688,921
Licenses, permits and fees	-	-	-	-	392,306
Investment income	-	194	-	-	622
Intergovernmental	-	186,600	57,292	-	647,462
Charges for current services	-	-	-	770	770
Other	-	-	-	-	17,392
<b>Total revenues</b>	<b>-</b>	<b>186,794</b>	<b>57,292</b>	<b>770</b>	<b>1,747,473</b>
<b>EXPENDITURES:</b>					
Current:					
General Government	-	-	-	10,683	80,431
Public Safety	203,599	-	66,999	-	381,525
Public Works	-	-	-	-	562,552
Capital outlay	-	-	4,563	-	110,049
<b>Total expenditures</b>	<b>203,599</b>	<b>-</b>	<b>71,562</b>	<b>10,683</b>	<b>1,134,557</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(203,599)</b>	<b>186,794</b>	<b>(14,270)</b>	<b>(9,913)</b>	<b>612,916</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	-	-	-	18,468	100,515
Transfers Out	-	-	(5,580)	-	(18,480)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(5,580)</b>	<b>18,468</b>	<b>82,035</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(203,599)</b>	<b>186,794</b>	<b>(19,850)</b>	<b>8,555</b>	<b>694,951</b>
<b>FUND BALANCES:</b>					
Beginning of year	-	1,800	50,000	-	798,369
End of year	<b>\$ (203,599)</b>	<b>\$ 188,594</b>	<b>\$ 30,150</b>	<b>\$ 8,555</b>	<b>\$ 1,493,320</b>

(Concluded)

**City of Arvin**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**CMAQ Special Revenue Fund**  
**For the Year Ended June 30, 2014**

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES:</b>				
Intergovernmental	\$ 68,000	\$ 68,000	\$ 1,046	\$ (66,954)
<b>EXPENDITURES:</b>				
Current:				
Public works	1,449	1,449	1,485	(36)
Capital Outlay	-	-	1,815	(1,815)
<b>Total expenditures</b>	<b>1,449</b>	<b>1,449</b>	<b>3,300</b>	<b>(1,851)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>66,551</b>	<b>66,551</b>	<b>(2,254)</b>	<b>(68,805)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>\$ 66,551</b>	<b>\$ 66,551</b>	<b>(2,254)</b>	<b>\$ (68,805)</b>
<b>FUND BALANCES:</b>				
Beginning of year			-	
End of year			\$ (2,254)	

**City of Arvin**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**State Gas Tax Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes and special assessments	\$ 548,219	\$ 548,219	\$ 579,928	\$ 31,709
<b>EXPENDITURES:</b>				
Current:				
Public works	360,578	360,578	425,158	(64,580)
Capital Outlay	-	-	2,750	(2,750)
<b>Total expenditures</b>	<u>360,578</u>	<u>360,578</u>	<u>427,908</u>	<u>(67,330)</u>
<b>REVENUES OVER (UNDER)</b>	<u>187,641</u>	<u>187,641</u>	<u>152,020</u>	<u>(35,621)</u>
<b>EXPENDITURES</b>				
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ 187,641</u>	<u>\$ 187,641</u>	152,020	<u>\$ (35,621)</u>
<b>FUND BALANCES:</b>				
Beginning of year			70,935	
End of year			<u>\$ 222,955</u>	

**City of Arvin**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Transportation Development Act (Non-Transit) Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
<b>EXPENDITURES:</b>				
Current:				
Public works	5,866	5,866	3,367	2,499
Capital Outlay	-	-	5,967	(5,967)
<b>Total expenditures</b>	<b>5,866</b>	<b>5,866</b>	<b>9,334</b>	<b>(3,468)</b>
<b>REVENUES OVER (UNDER)</b>	<b>94,134</b>	<b>94,134</b>	<b>(9,334)</b>	<b>(103,468)</b>
<b>EXPENDITURES</b>				
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(12,900)	(12,900)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(12,900)</b>	<b>(12,900)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>\$ 94,134</b>	<b>\$ 94,134</b>	<b>(22,234)</b>	<b>\$ (116,368)</b>
<b>FUND BALANCES:</b>				
Beginning of year			165,796	
End of year			<u>\$ 143,562</u>	

**City of Arvin**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**RSTP Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 660,000	\$ 660,000	\$ 813	\$ (659,187)
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	38,130	(38,130)
Capital Outlay	713,870	713,870	-	713,870
<b>Total expenditures</b>	<u>713,870</u>	<u>713,870</u>	<u>38,130</u>	<u>675,740</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>(53,870)</u>	<u>(53,870)</u>	<u>(37,317)</u>	<u>16,553</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	92,000	92,000	-	(92,000)
<b>Total other financing sources (uses)</b>	<u>92,000</u>	<u>92,000</u>	<u>-</u>	<u>(92,000)</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ 38,130</u>	<u>\$ 38,130</u>	(37,317)	<u>\$ (75,447)</u>
<b>FUND BALANCES:</b>				
Beginning of year			(98,208)	
End of year			<u>\$ (135,525)</u>	

**City of Arvin**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**COPS Program Special Revenue Fund**  
**For the Year Ended June 30, 2014**

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES:</b>				
Property taxes and special assessments	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
<b>EXPENDITURES:</b>				
Current:				
Public safety	97,729	97,729	110,680	(12,951)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	2,271	2,271	(10,680)	(12,951)
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ 2,271</u>	<u>\$ 2,271</u>	(10,680)	<u>\$ (12,951)</u>
<b>FUND BALANCES:</b>				
Beginning of year			(71)	
End of year			<u>\$ (10,751)</u>	

**City of Arvin**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**LLMD Special Revenue Fund**  
**For the Year Ended June 30,2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes and special assessments	\$ 548,219	\$ 548,219	\$ 579,928	\$ 31,709
<b>EXPENDITURES:</b>				
Current:				
Public works	360,578	360,578	425,158	(64,580)
Capital Outlay	-	-	2,750	(2,750)
<b>Total expenditures</b>	<u>360,578</u>	<u>360,578</u>	<u>427,908</u>	<u>(67,330)</u>
<b>REVENUES OVER (UNDER)</b>	<u>187,641</u>	<u>187,641</u>	<u>152,020</u>	<u>(35,621)</u>
<b>EXPENDITURES</b>				
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ 187,641</u>	<u>\$ 187,641</u>	152,020	<u>\$ (35,621)</u>
<b>FUND BALANCES:</b>				
Beginning of year			70,935	
End of year			<u>\$ 222,955</u>	

**City of Arvin**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Asset Forfeiture Special Revenue Fund**  
**For the Year Ended June 30, 2014**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>3,873</u>	<u>3,873</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>3,873</u>	<u>3,873</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>3,873</u>	<u>\$ 2,873</u>
<b>FUND BALANCES:</b>				
Beginning of year			<u>(3,873)</u>	
End of year			<u>\$ -</u>	

**City of Arvin**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Traffic Offenders Special Revenue Fund**  
**For the Year Ended June 30,2014**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Licenses, permits and fees	\$ 2,000	\$ 2,000	\$ 2,045	\$ 45
<b>EXPENDITURES:</b>				
Capital Outlay	-	-	16,308	(16,308)
<b>Total expenditures</b>	-	-	16,308	(16,308)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	2,000	2,000	(14,263)	(16,263)
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	(14,263)	<u>\$ (16,263)</u>
<b>FUND BALANCES:</b>				
Beginning of year			16,839	
End of year			<u>\$ 2,576</u>	

**City of Arvin**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Prop 1B Special Revenue Fund**  
**For the Year Ended June 30, 2014**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 223,161	\$ 223,161
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	223,161	223,161
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	223,161	<u>\$ 223,161</u>
<b>FUND BALANCES:</b>				
Beginning of year			81,917	
End of year			<u>\$ 305,078</u>	

**City of Arvin**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Traffic Impact Fee Special Revenue Fund**  
**For the Year Ended June 30, 2014**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Licenses, permits and fees	\$ 79,700	\$ 79,700	\$ 390,261	\$ 310,561
Investment income	-	-	428	428
<b>Total revenues</b>	<u>79,700</u>	<u>79,700</u>	<u>390,689</u>	<u>310,989</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>79,700</u>	<u>79,700</u>	<u>390,689</u>	<u>310,989</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ 79,700</u>	<u>\$ 79,700</u>	<u>390,689</u>	<u>\$ 310,989</u>
<b>FUND BALANCES:</b>				
Beginning of year			<u>219,182</u>	
End of year			<u>\$ 609,871</u>	

**City of Arvin**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**PTMISEA Fence Special Revenue Fund**  
**For the Year Ended June 30, 2014**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Other	\$ -	\$ -	\$ 17,392	\$ 17,392
<b>EXPENDITURES:</b>				
Current:				
Public safety	20,000	20,000	247	19,753
Capital Outlay	100,000	100,000	-	100,000
<b>Total expenditures</b>	<u>120,000</u>	<u>120,000</u>	<u>247</u>	<u>119,753</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>(120,000)</u>	<u>(120,000)</u>	<u>17,145</u>	<u>137,145</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ (120,000)</u>	<u>\$ (120,000)</u>	17,145	<u>\$ 137,145</u>
<b>FUND BALANCES:</b>				
Beginning of year			<u>154,221</u>	
End of year			<u>\$ 171,366</u>	

**City of Arvin**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**JARC Operations Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 56,810	\$ 56,810	\$ -	\$ (56,810)
<b>EXPENDITURES:</b>				
Current:				
General government	47,551	47,551	69,685	(22,134)
<b>Total expenditures</b>	<b>47,551</b>	<b>47,551</b>	<b>69,685</b>	<b>(22,134)</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>9,259</b>	<b>9,259</b>	<b>(69,685)</b>	<b>(78,944)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	38,107	38,107
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>38,107</b>	<b>38,107</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>\$ 9,259</b>	<b>\$ 9,259</b>	<b>(31,578)</b>	<b>\$ (40,837)</b>
<b>FUND BALANCES:</b>				
Beginning of year			-	
End of year			<b>\$ (31,578)</b>	

**City of Arvin**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Prop 84 Park Special Revenue Fund**  
**For the Year Ended June 30, 2014**

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	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>EXPENDITURES:</b>				
Current:				
Public safety	\$ -	\$ -	\$ 203,599	\$ (203,599)
Capital Outlay	100,000	100,000	-	100,000
<b>Total expenditures</b>	100,000	100,000	203,599	(103,599)
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(100,000)	(100,000)	(203,599)	(103,599)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-
<b>NET CHANGES IN FUND BALANCES</b>	<b>\$ (100,000)</b>	<b>\$ (100,000)</b>	(203,599)	<b>\$ (103,599)</b>
<b>FUND BALANCES:</b>				
Beginning of year			-	
End of year			<b>\$ (203,599)</b>	

**City of Arvin**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Park Fees Special Revenue Fund**  
**For the Year Ended June 30, 2014**

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	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Investment income	\$ -	\$ -	\$ 194	\$ 194
Intergovernmental	24,600	24,600	186,600	162,000
<b>Total revenues</b>	<u>24,600</u>	<u>24,600</u>	<u>186,794</u>	<u>162,194</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>24,600</u>	<u>24,600</u>	<u>186,794</u>	<u>162,194</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ 24,600</u>	<u>\$ 24,600</u>	186,794	<u>\$ 162,194</u>
<b>FUND BALANCES:</b>				
Beginning of year			<u>1,800</u>	
End of year			<u>\$ 188,594</u>	

**City of Arvin**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Enterprise Zone Special Revenue Fund**  
**For the Year Ended June 30,2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 15,000	\$ 15,000	\$ 770	\$ (14,230)
<b>EXPENDITURES:</b>				
Current:				
Public works	39,271	39,271	10,683	28,588
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(24,271)	(24,271)	(9,913)	14,358
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	18,468	18,468
<b>Total other financing sources (uses)</b>	-	-	18,468	18,468
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ (24,271)</u>	<u>\$ (24,271)</u>	8,555	<u>\$ 32,826</u>
<b>FUND BALANCES:</b>				
Beginning of year			-	
End of year			<u>\$ 8,555</u>	