

City of Arvin

Arvin, California

Independent Auditors' Report and Basic Financial Statements

For the Year Ended June 30, 2015

Prepared By
Finance Department
of the City of Arvin



City of Arvin
Basic Financial Statements
For the Year Ended June 30, 2015

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Basic Financial Statements
For the Year Ended June 30, 2015

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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, 2015, 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, 2015, 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.

Emphasis of Matter

Implementation of GASB Statements Nos. 68 and 71

As discussed in Note 1 to the basic financial statements, the City implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The adoption of these standards required retrospective application of previously reported net position and reclassification of certain accounts as of July 1, 2014 as described in Note 14 to the basic financial statements. In addition, net pension liability is reported in the Statement of Net Position in the amount of \$1,429,973 as of the measurement date. Net pension liability is calculated by actuaries using estimates and actuarial techniques from an actuarial valuation as of June 30, 2013 which was then rolled-forward by the actuaries to June 30, 2014, the measurement date for California Public Employee Retirement System (“CalPERS”) plans. 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 the Budgetary Comparison Schedules – General Fund and All Major Special Revenue Funds, the Schedules of the City’s Proportionate Share of Net Pension Liability and Related Ratios, and the Schedules of Contributions on pages 79 through 87 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 – All Other Adopted Funds 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 – All Other Adopted Funds 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 August 23, 2016 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.

The PwC Group, LLP

Santa Ana, California
August 23, 2016

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Arvin
Statement of Net Position
June 30, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and investments	\$ 5,468,734	\$ 1,933,966	\$ 7,402,700
Cash and investments with fiscal agents	-	605,135	605,135
Accounts receivables	905,850	41,013	946,863
Total current assets	6,374,584	2,580,114	8,954,698
Noncurrent assets:			
Notes receivable - Successor Agency	1,194,923	-	1,194,923
Capital assets:			
Nondepreciable	2,351,694	906,245	3,257,939
Depreciable, net	11,110,720	6,321,592	17,432,312
Total capital assets	13,462,414	7,227,837	20,690,251
Total noncurrent assets	14,657,337	7,227,837	21,885,174
Total assets	21,031,921	9,807,951	30,839,872
DEFERRED OUTFLOWS OF RESOURCES			
Pension contribution made after measurement date	216,219	17,105	233,324
Employer's actual contributions in excess of employer's proportionate share of contributions	46,106	1,218	47,324
Adjustment due to difference in proportion	11,066	2,975	14,041
Total deferred outflows of resources	273,391	21,298	294,689

City of Arvin
Statement of Net Position (Continued)
June 30, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	1,521,960	19,979	1,541,939
Accrued payroll	367,035	11,597	378,632
Deposits	867,627	-	867,627
Retention payable	41,750	-	41,750
Due to other government	13,347	-	13,347
Compensated absences - due within one year	37,717	3,702	41,418
Unearned revenue	787,021	-	787,021
Long-term debt - due within one year	3,072	136,275	139,347
Total current liabilities	3,639,529	171,553	3,811,081
Noncurrent liabilities:			
Compensated absences - due in more than one year	150,867	14,807	165,674
Long-term debt - due in more than one year	5,891	4,436,367	4,442,258
Aggregate net pension liability (Note 8)	1,287,274	142,699	1,429,973
Total noncurrent liabilities	1,444,032	4,593,873	6,037,905
Total liabilities	5,083,560	4,765,426	9,848,986
DEFERRED INFLOWS OF RESOURCES			
Actual earnings in excess of expected earnings on pension plan investments	482,004	60,880	542,884
Employer's proportionate share of contributions in excess of employer's actual contributions	18,903	5,083	23,986
Adjustment due to difference in proportion	79,230	1,286	80,516
Total deferred inflows of resources	580,137	67,249	647,386
NET POSITION			
Net investment in capital assets	13,453,451	2,655,195	16,108,646
Restricted:			
Transportation	244,051	-	244,051
Public safety	309,544	-	309,544
Public works	86,312	-	86,312
Debt service	-	605,135	605,135
Total restricted	639,907	605,135	1,245,042
Unrestricted	1,548,257	1,736,244	3,284,501
Total net position	\$ 15,641,615	\$ 4,996,574	\$ 20,638,189

City of Arvin
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 1,656,104	\$ 167,276	\$ -	\$ -	\$ 167,276
Public safety	3,110,915	33,086	255,275	-	288,361
Public works	1,119,725	-	792,111	554,111	1,346,222
Community development	405,379	7,580	111,811	-	119,391
Transit	-	-	-	30,833	30,833
Total governmental activities	<u>6,292,123</u>	<u>207,942</u>	<u>1,159,197</u>	<u>584,944</u>	<u>1,952,083</u>
Business-type activities:					
Transportation development	758,291	78,321	632,561	-	710,882
Sanitation	<u>2,479,171</u>	<u>2,776,359</u>	<u>-</u>	<u>-</u>	<u>2,776,359</u>
Total business-type activities	<u>3,237,462</u>	<u>2,854,680</u>	<u>632,561</u>	<u>-</u>	<u>3,487,241</u>
Total primary government	<u><u>\$ 9,529,585</u></u>	<u><u>\$ 3,062,622</u></u>	<u><u>\$ 1,791,758</u></u>	<u><u>\$ 584,944</u></u>	<u><u>\$ 5,439,324</u></u>

City of Arvin
Statement of Activities (Continued)
For the Year Ended June 30, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	(1,488,828)	\$ -	\$ (1,488,828)
Public safety	(2,822,554)	-	(2,822,554)
Public works	226,497	-	226,497
Community development	(285,988)	-	(285,988)
Transit	30,833	-	30,833
Total governmental activities	(4,340,040)	-	(4,340,040)
Business-type activities:			
Transportation development	-	(47,409)	(47,409)
Sanitation	-	297,188	297,188
Total business-type activities	-	249,779	249,779
Total primary government	(4,340,040)	249,779	(4,090,261)
General Revenues and Transfers:			
General revenues:			
Taxes:			
Property taxes	132,897	-	132,897
Sales taxes	2,106,716	-	2,106,716
Franchise tax	834,517	-	834,517
Utility users tax	8,970	-	8,970
Vehicle license fee in lieu tax	1,373,221	-	1,373,221
Total taxes	4,456,321	-	4,456,321
Investment earnings	36,594	15	36,609
Licenses and permits	425,110	-	425,110
Revenue from use of money and property	49,335	-	49,335
Fees and other revenues	846,241	-	846,241
Fines and penalties	34,822	-	34,822
Miscellaneous revenue	13,860	-	13,860
Transfers	(62,513)	62,513	-
Total general revenues and transfers	5,799,770	62,528	5,862,298
Change in net position	1,459,730	312,307	1,772,037
Net Position:			
Beginning of year, as restated (Note 14)	14,181,885	4,684,267	18,866,152
End of year	\$ 15,641,615	\$ 4,996,574	\$ 20,638,189

See accompanying Notes to the Basic Financial Statements.

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

Traffic Impact Fees Special Revenue Fund - Separates and accounts for the fees received from builders that have been specifically restricted for traffic flow improvements.

RSTP Special Revenue Fund - 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.

PTMISEA Fence Grant Special Revenue Fund - Separates and accounts for funds restricted for use to secure vehicles behind a fenced enclosure with limited access facilitated by electronic means.

City of Arvin
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds		
	General	Traffic Impact Fees	RSTP
ASSETS			
Cash and investments	\$ 2,009,353	\$ 1,231,262	\$ -
Accounts receivables	407,384	-	399,064
Due from other funds	141,438	-	129,786
Advances to Successor Agency	1,194,923	-	-
Total assets	<u>\$ 3,753,098</u>	<u>\$ 1,231,262</u>	<u>\$ 528,850</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 999,749	\$ 74,063	\$ 215,645
Accrued payroll and benefits	307,654	-	-
Retention payable	19,599	-	22,151
Deposits	867,627	-	-
Due to other governments	13,347	-	-
Due to other funds	256,196	-	-
Unearned revenue	-	-	-
Total liabilities	<u>2,464,172</u>	<u>74,063</u>	<u>237,796</u>
Deferred Inflows of resources:			
Unavailable revenue	-	-	399,064
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>399,064</u>
Fund Balances:			
Nonspendable	1,194,923	-	-
Restricted	-	1,157,199	-
Unassigned	94,003	-	(108,010)
Total fund balances	<u>1,288,926</u>	<u>1,157,199</u>	<u>(108,010)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,753,098</u>	<u>\$ 1,231,262</u>	<u>\$ 528,850</u>

City of Arvin
Balance Sheet (Continued)
Governmental Funds
June 30, 2015

	<u>Major Funds</u>		Total Governmental Funds
	<u>PTMISEA Fence Grant</u>	<u>Non-major Governmental Funds</u>	
ASSETS			
Cash and investments	\$ 792,592	\$ 1,435,527	\$ 5,468,734
Accounts receivables	-	99,402	905,850
Due from other funds	-	126,410	397,634
Due from Successor Agency	-	-	1,194,923
Total assets	<u>\$ 792,592</u>	<u>\$ 1,661,339</u>	<u>\$ 7,967,141</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,485	\$ 229,018	\$ 1,521,960
Accrued payroll and benefits	56	59,325	367,035
Retention payable	-	-	41,750
Deposits	-	-	867,627
Due to other governments	-	-	13,347
Due to other funds	-	141,438	397,634
Unearned revenue	787,021	-	787,021
Total liabilities	<u>790,562</u>	<u>429,781</u>	<u>3,996,374</u>
Deferred Inflows of resources:			
Unavailable revenue	-	-	399,064
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>399,064</u>
Fund Balances:			
Nonspendable	-	-	1,194,923
Restricted	2,030	1,323,528	2,482,757
Unassigned	-	(91,970)	(105,977)
Total fund balances	<u>2,030</u>	<u>1,231,558</u>	<u>3,571,703</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 792,592</u>	<u>\$ 1,661,339</u>	<u>\$ 7,967,141</u>

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City of Arvin
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2015

Total Fund Balances - Total Governmental Funds \$ 3,571,703

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

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

Government-Wide Statement of Net Position 13,462,414

Total capital assets 13,462,414

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 (37,717)

Compensated absences - due in more than one year (150,867)

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

Long-term debt - due in more than one year (5,891)

Total long-term liabilities (197,546)

Net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds.

(1,287,274)

Pension contributions made during the year after the measurement date are reported as expenditures in governmental funds and as deferred outflow of resources in the government-wide financial statements.

216,219

Deferred outflows or inflows of resources related to pension reported in Government-Wide Financial Statements but not in governmental funds.

Actual contribution over proportionate share of contribution 46,106

Proportionate share of contribution over actual contribution (18,903)

Projected earnings under actual earnings (482,004)

Positive adjustment due to difference in proportion 11,066

Negative adjustment due to difference in proportion (79,230) (522,965)

Revenues earned but not available to pay for current expenditures for governmental funds are reported as unavailable revenue in governmental funds but recognized as revenue in Government-Wide financial statements.

399,064

Net Position of Governmental Activities \$ 15,641,615

City of Arvin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds		
	General	Traffic Impact Fees	RSTP
REVENUES:			
Property taxes and special assessments	\$ 132,897	\$ -	\$ -
Property tax in lieu of VLF	1,373,221	-	-
Sales tax	1,897,177	-	-
Franchise tax	834,517	-	-
Vehicle license tax	217,828	-	-
Other taxes	405	-	-
Licenses, permits and fees	613,564	547,328	-
Fines, forfeitures and penalties	23,820	-	-
Investment income	36,594	-	-
Lease revenue	53,505	-	-
Intergovernmental	82,168	-	14,296
Charges for current services	170,592	-	-
Other	41,747	-	-
Total revenues	5,478,035	547,328	14,296
EXPENDITURES:			
Current:			
General government	1,513,255	-	-
Public safety	2,761,552	-	-
Public works	154,963	-	-
Planning/community development	363,859	-	-
Capital outlay	667,780	-	535,666
Total expenditures	5,461,409	-	535,666
REVENUES OVER (UNDER) EXPENDITURES	16,626	547,328	(521,370)
OTHER FINANCING SOURCES (USES):			
Transfers in	10,450	-	548,885
Transfers out	(1,441,230)	-	-
Total other financing sources (uses)	(1,430,780)	-	548,885
NET CHANGE IN FUND BALANCES	(1,414,154)	547,328	27,515
FUND BALANCES:			
Beginning of year, as restated (Note 14)	2,703,080	609,871	(135,525)
End of year	\$ 1,288,926	\$ 1,157,199	\$ (108,010)

City of Arvin
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2015

	<u>Major Funds</u>		Total Governmental Funds
	<u>PTMISEA Fence Grant</u>	<u>Non-major Governmental Funds</u>	
REVENUES:			
Property taxes and special assessments	\$ -	\$ 107,288	\$ 240,185
Property tax in lieu of VLF	-	-	1,373,221
Sales tax	-	-	1,897,177
Franchise tax	-	-	834,517
Vehicle license tax	-	-	217,828
Other taxes	-	-	405
Licenses, permits and fees	-	1,890	1,162,782
Fines, forfeitures and penalties	-	-	23,820
Investment income	-	-	36,594
Lease revenue	-	-	53,505
Intergovernmental	30,833	1,232,390	1,359,687
Charges for current services	-	947	171,539
Other	-	2,295	44,042
Total revenues	<u>30,833</u>	<u>1,344,810</u>	<u>7,415,302</u>
EXPENDITURES:			
Current:			
General government	-	13,971	1,527,226
Public safety	18,978	241,498	3,022,028
Public works	-	591,999	746,962
Planning/community development	-	25,891	389,750
Capital outlay	-	619,902	1,823,348
Total expenditures	<u>18,978</u>	<u>1,493,261</u>	<u>7,509,314</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>11,855</u>	<u>(148,451)</u>	<u>(94,012)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	1,455	839,471	1,400,261
Transfers out	<u>(11,094)</u>	<u>(10,450)</u>	<u>(1,462,774)</u>
Total other financing sources (uses)	<u>(9,639)</u>	<u>829,021</u>	<u>(62,513)</u>
NET CHANGE IN FUND BALANCES	2,216	680,570	(156,525)
FUND BALANCES:			
Beginning of year, as restated (Note 14)	<u>(186)</u>	<u>550,988</u>	<u>3,728,228</u>
End of year	<u>\$ 2,030</u>	<u>\$ 1,231,558</u>	<u>\$ 3,571,703</u>

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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (156,525)

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.

Capital outlay	\$ 1,823,348	
Less: noncapitalized current expenditures	<u>156,237</u>	<u>1,667,111</u>

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.		(431,356)
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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
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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	(17,270)	
Pension expense	<u>(4,366)</u>	<u>(21,636)</u>

Unavailable revenue is not recognized as revenue in the governmental funds since the revenue is not available to fund expenditures of the current year		<u>399,064</u>
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Change in Net Position of Governmental Activities \$ 1,459,730

PROPRIETARY FUND FINANCIAL STATEMENTS

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.

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City of Arvin
Statement of Net Position
Proprietary Funds
June 30, 2015

	Major Funds		
	Transportation Development	Sanitation	Total
ASSETS			
Current assets:			
Cash and investments	\$ 90,786	\$ 1,843,180	\$ 1,933,966
Cash with fiscal agent	-	605,135	605,135
Accounts receivable	41,013	-	41,013
Total current assets	131,799	2,448,315	2,580,114
Noncurrent assets:			
Capital assets:			
Non-depreciable	-	906,245	906,245
Depreciable, net	238,397	6,083,195	6,321,592
Total capital assets	238,397	6,989,440	7,227,837
Total noncurrent assets	238,397	6,989,440	7,227,837
Total assets	370,196	9,437,755	9,807,951
DEFERRED OUTFLOWS OF RESOURCES			
Pension contribution made after measurement date	17,105	-	17,105
Employer's actual contributions in excess of employer's proportionate share of contributions	1,218	-	1,218
Adjustment due to difference in proportion	2,975	-	2,975
Total deferred outflows of resources	21,298	-	21,298
LIABILITIES			
Current liabilities:			
Accounts payable	17,183	2,796	19,979
Accrued payroll and benefits	11,597	-	11,597
Compensated absences - due within one year	3,702	-	3,702
Long-term debt - due within one year	-	136,275	136,275
Total current liabilities	32,482	139,071	171,553
Noncurrent liabilities:			
Compensated absences - due in more than one year	14,807	-	14,807
Long-term debt - due in more than one year	-	4,436,367	4,436,367
Aggregate net pension liability (Note 8)	142,699	-	142,699
Total noncurrent liabilities	157,506	4,436,367	4,593,873
Total liabilities	189,988	4,575,438	4,765,426
DEFERRED INFLOWS OF RESOURCES			
Actual earnings in excess of expected earnings on pension plan investments	60,880	-	60,880
Employer's proportionate share of contributions in excess of employer's actual contributions	5,083	-	5,083
Adjustment due to difference in proportion	1,286	-	1,286
Total deferred inflows of resources	67,249	-	67,249
NET POSITION			
Net investment in capital assets	238,397	2,416,798	2,655,195
Restricted	-	605,135	605,135
Unrestricted	(104,140)	1,840,384	1,736,244
Total net position	\$ 134,257	\$ 4,862,317	\$ 4,996,574

City of Arvin
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Major Funds		
	Transportation Development	Sanitation	Total
OPERATING REVENUES:			
Charges for services	\$ 78,321	\$ 2,776,359	\$ 2,854,680
Total operating revenues	78,321	2,776,359	2,854,680
OPERATING EXPENSES:			
Salaries and benefits	367,484	2,068	369,552
Vehicle operations	117,805	-	117,805
Sanitation operations	-	1,327,553	1,327,553
General and administrative	107,302	646,800	754,102
Miscellaneous	-	2,500	2,500
Depreciation	165,700	243,198	408,898
Total operating expenses	758,291	2,222,119	2,980,410
OPERATING INCOME (LOSS)	(679,970)	554,240	(125,730)
NONOPERATING REVENUES (EXPENSES):			
Interest income	-	15	15
Interest expense	-	(257,052)	(257,052)
Grant revenues	632,561	-	632,561
Total nonoperating revenues (expenses)	632,561	(257,037)	375,524
INCOME (LOSS) BEFORE TRANSFERS	(47,409)	297,203	249,794
TRANSFERS:			
Transfer in	62,513	-	62,513
Total transfers	62,513	-	62,513
Change in net position	15,104	297,203	312,307
NET POSITION:			
Beginning of year, as restated (Note 14)	119,153	4,565,114	4,684,267
End of year	<u>\$ 134,257</u>	<u>\$ 4,862,317</u>	<u>\$ 4,996,574</u>

City of Arvin
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Major Funds		Total
	Transportation Development	Sanitation	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 115,945	\$ 2,782,736	\$ 2,898,681
Cash payments to suppliers for goods and services	(231,607)	(1,982,504)	(2,214,111)
Cash payments to employees for services	(363,273)	(2,068)	(365,341)
Cash paid to other funds	(511,212)	(50,265)	(561,477)
Net cash provided by (used in) operating activities	(990,147)	747,899	(242,248)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Subsidy from Local Transportation Fund	1,022,499	-	1,022,499
Transfers in	62,513	-	62,513
Net cash provided by (used in) noncapital financing activities	1,085,012	-	1,085,012
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(4,079)	-	(4,079)
Transfers in to finance construction of capital assets	-	-	-
Principal reduction of debt	-	(128,952)	(128,952)
Interest expense	-	(257,052)	(257,052)
Net cash provided by (used in) capital and related financing activities	(4,079)	(386,004)	(390,083)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	-	15	15
Net cash provided (used) by investing activities	-	15	15
Net increase (decrease) in cash and cash equivalents	90,786	361,910	452,696
CASH AND CASH EQUIVALENTS:			
Beginning of year	-	2,086,405	2,086,405
End of year	<u>\$ 90,786</u>	<u>\$ 2,448,315</u>	<u>\$ 2,539,101</u>
RECONCILIATION TO STATEMENT OF NET POSITION:			
Cash and investments	\$ 90,786	\$ 1,843,180	\$ 1,933,966
Restricted Cash and investments with fiscal agents	-	605,135	605,135
Total cash and cash equivalents	<u>\$ 90,786</u>	<u>\$ 2,448,315</u>	<u>\$ 2,539,101</u>

City of Arvin
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2015

	Major Funds		
	Transportation Development	Sanitation	Total
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED BY (USED IN)			
OPERATING ACTIVITIES:			
Operating income (loss)	\$ (679,970)	\$ 554,240	\$ (125,730)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	165,700	243,198	408,898
Changes in operating assets and liabilities:			
Accounts receivable	37,624	6,377	44,001
Prepaid items	26	-	26
Deferred outflows of resources - pension	(2,576)	-	(2,576)
Accounts payable	(6,526)	(5,651)	(12,177)
Accrued payroll	1,780	-	1,780
Accrued compensated absences	6,289	-	6,289
Aggregate net pension liability	(68,531)	-	(68,531)
Due to other funds	(511,212)	(50,265)	(561,477)
Deferred inflows of resources - pension	67,249	-	67,249
Total adjustments	<u>(310,177)</u>	<u>193,659</u>	<u>(116,518)</u>
Net cash provided (used) by operating activities	<u>\$ (990,147)</u>	<u>\$ 747,899</u>	<u>\$ (242,248)</u>

FIDUCIARY FUND FINANCIAL STATEMENTS

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

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City of Arvin
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Successor Agency to the Arvin Community Redevelopment Agency Private-Purpose Trust Fund
ASSETS	
Cash and Investments	\$ 487,945
Cash and investments with fiscal agent	755,354
Accounts receivable	10,560
Land held for development	3,752,867
Capital assets:	
Nondepreciable	378,863
Depreciable, net	1,052,860
Total assets	6,438,449
LIABILITIES	
Accounts payable	15,507
Interest payable	157,808
Advances from City of Arvin	1,194,923
Long-term debt:	
Due within one year	172,788
Due in more than one year	8,078,033
Total liabilities	9,619,059
NET POSITION (DEFICIT)	
Unrestricted (deficit)	(3,180,610)
Total net position (deficit)	\$ (3,180,610)

City of Arvin
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015

	Successor Agency to the Arvin Community Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:	
Redevelopment Property Tax Trust Fund	\$ 734,260
Revenue from use of money and property	739
Total additions	734,999
DEDUCTIONS:	
Program expenses for redevelopment	9,200
Administrative expenses	32,991
Interest and fiscal agent expenses	485,228
Depreciation expense	77,424
Total deductions	604,843
Change in net position	130,156
NET POSITION (DEFICIT):	
Beginning of year	(3,310,766)
End of year	\$ (3,180,610)

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Arvin
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

<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, 2015

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, 2015

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 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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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 created by the integrated approach of GASB Statement No. 34.

The City reports the following major Governmental Funds:

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

Traffic Impact Fees Special Revenue Fund - Separates and accounts for the fees received from builders that have been specifically restricted for traffic flow improvements.

RSTP Special Revenue Fund - 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.

PTMISEA Fence Grant Special Revenue Fund- Separates and accounts for funds restricted for use to secure vehicles behind a fenced enclosure with limited access facilitated by electronic means.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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 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 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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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, 2015, the carrying amount for land held for development was \$3,752,867.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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

J. Pension

GASB has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. These pronouncements affected pension related items. See Note 1Q.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 8). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

CalPERS

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Measurement Period	July 1, 2013 to June 30, 2014

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

K. Long-Term Debt

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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

L. Net Position

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

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

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

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

M. Fund Balances

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

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

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

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

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

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

N. Spending Policy

Government-Wide Financial Statements and the Proprietary Fund Financial Statements

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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

N. Spending Policy (Continued)

Governmental Fund Financial Statements

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

- Restricted
- Committed
- Assigned
- Unassigned

O. Property Taxes

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

P. Use of Estimates

The preparation of financial statements in conformity with 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.

Q. Accounting Changes

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflow of resources, deferred inflows of resources, and expense/expenditures for pension plans. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement became effective for periods beginning after June 15, 2014. See Note 14 for prior period adjustment as a result of implementation.

GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement became effective for periods beginning after December 15, 2013 and did not have a significant impact on the City's financial statements for the year ended June 30, 2015.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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

Q. Accounting Changes (Continued)

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This Statement establishes standards related to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement became effective for periods beginning after June 15, 2014. See Note 14 for prior period adjustment as a result of implementation.

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, 2015.

	Government-Wide Statement of Net Position			Fiduciary Funds	
	Governmental Activities	Business-Type Activities	Total	Statement of Net Position	Total
Cash and investments	\$ 5,468,734	\$ 1,933,966	\$ 7,402,700	\$ 487,945	\$ 7,890,645
Cash and investments with fiscal agents	-	605,135	605,135	755,354	1,360,489
Total	<u>\$ 5,468,734</u>	<u>\$ 2,539,101</u>	<u>\$ 8,007,835</u>	<u>\$ 1,243,299</u>	<u>\$ 9,251,134</u>

Cash, cash equivalents and investments consisted of the following at June 30, 2015:

Demand Deposits	\$ 1,231,382
Investments	6,659,263
Cash and investments with fiscal agents	1,360,489
Total	<u>\$ 9,251,134</u>

A. Deposits

At June 30, 2015, the carrying amount of the City's deposits was \$1,231,382 and the bank balances were \$1,614,576. 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. During the year ended June 30, 2015, deposit with Morgan Stanley did not pledged securities over 10% of the deposited amount at all time. 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.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Cash and Investments (Continued)

A. Deposits (Continued)

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.

B. Investments

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Bankers' Acceptance	180 days	40%	30%
Negotiable Certificates of Deposits	5 years	30%	5%
Commercial Paper	270 days	25%	10%
State and Local Agency Bond Issues	5 years	None	10%
U.S. Treasury Obligations	5 years	None	None
U.S. Agency 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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Cash and Investments (Continued)

B. Investments (Continued)

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, 2015, the City's investments had the following maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities (In Years) 1 year or less</u>
Local Agency Investment Fund ("LAIF")	\$ 5,563,357	\$ 5,563,357
Central San Joaquin Valley Risk Management Authority ("CSJVRMA") Investment Pool	1,095,906	1,095,906
Total	\$ 6,659,263	\$ 6,659,263

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Cash and Investments (Continued)

C. Risks Disclosures (Continued)

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Moody's</u>	<u>Standard & Poor's</u>
Local Agency Investment Fund	5,563,357	Not Rated	Not Rated
External Investment Pool	1,095,906	Not Rated	Not Rated
Total	\$ 6,659,263		

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 LAIF and CSJVRMA Investment Pool, are held by a third-party custodian, Union Bank of California Trust Division and Wells Fargo. Union Bank and Wells Fargo are registered members of the Federal Reserve Bank. The securities held by Union Bank and Wells Fargo 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	\$ 1,095,906

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 2 – Cash and Investments (Continued)

D. Investment in Local Agency Investment Fund

The City’s investments with LAIF at June 30, 2015, included a small portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

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

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

As of June 30, 2015, the City had \$5,563,357 invested in LAIF, which had invested 2.08% 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, 2015, 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, 2015.

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

The City invested \$1,092,776 into an investment pool account with the Central San Joaquin Valley Risk Management Authority (“CSJVRMA”). At June 30, 2015 this account was valued at \$1,095,906. The City received an average yield of 1.28% for the fiscal year ended June 30, 2015 on this investment.

F. Cash and Investments with Fiscal Agents

At June 30, 2015, cash and investments with fiscal agents were as follows:

		<u>Funds Held By</u>
Business-Type Activities:		
Sanitation Fund		
Deposits Veolia Water Operating Account	\$ 605,135	Union Bank of California
Fiduciary Fund Financial Statements:		
Successor Agency		
Tax Allocation Bonds 2005 Series	408,584	Wells Fargo Bank
Tax Allocation Bonds 2008 Series	346,770	Wells Fargo Bank
Total cash and investments with fiscal agents	<u>\$ 1,360,489</u>	

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 3 – Interfund Balances and Transactions

Due to/Due from other funds

At June 30, 2015, interfund receivables and payables were as follows:

		Due from other funds			
		General Fund	RSTP Special Revenue Fund	Nonmajor Governmental Fund	Total
Due to other funds	General Fund	\$ -	\$ 129,786	\$ 126,410	\$ 256,196
	Nonmajor Governmental Funds	141,438	-	-	141,438
	Total	\$ 141,438	\$ 129,786	\$ 126,410	\$ 397,634

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, 2015, transfers in and out consisted of the followings:

		Transfers in					
		Governmental Funds			Proprietary Funds		Total
		General Fund	RSTP Special Revenue Fund	PTMISEA Fence Grant	Nonmajor Governmental Fund	Transportation Development	
Transfers out	General Fund	\$ -	\$ 548,885	\$ 1,455	\$ 839,471	\$ 51,419	\$ 1,441,230
	PTMISEA Fence Grant Special Revenue Fund	-	-	-	-	11,094	11,094
	Nonmajor Governmental Fund	10,450	-	-	-	-	10,450
	Total	\$ 10,450	\$ 548,885	\$ 1,455	\$ 839,471	\$ 62,513	\$ 1,462,774

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.

Note 4 – City Loans to Successor Agency

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. The General Fund has loaned a cumulative amount of \$551,675 to the Successor Agency to fund operating expenses.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 4 – City Loans to Successor Agency (Continued)

During the year ended June 30, 2015, the General Fund loaned the Successor Agency additional \$569,076 to pay debt service obligations and maintain reserve requirements for 2005 and 2008 Tax Allocation Bonds. The portion of fund balance associated with amounts that have been disbursed to other funds in the form of long-term notes receivable have been classified as nonspendable unless the funds associated with repayment of the notes is otherwise restricted for specific purposes. At June 30, 2015, total principal and interest outstanding was \$1,194,923.

Note 5 – Capital Assets

A. Government-Wide Financial Statements

Summary of changes in capital assets for governmental activities for the year ended June 30, 2015 are as follows:

	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Governmental Activities:					
Capital assets, not being depreciated					
Land	\$ 234,035	\$ -	\$ -	-	\$ 234,035
Construction in progress	3,780,365	1,358,485	-	(3,021,191)	2,117,659
Total capital assets, not being depreciated	<u>4,014,400</u>	<u>1,358,485</u>	<u>-</u>	<u>(3,021,191)</u>	<u>2,351,694</u>
Capital assets, being depreciated					
Building and improvements	5,147,158	4,700	-	-	5,151,858
Machinery and equipment	1,501,051	65,398	-	-	1,566,449
Automotive equipment	1,672,171	111,019	-	-	1,783,190
Infrastructure	4,999,389	127,509	-	3,021,191	8,148,089
Total capital assets, being depreciated	<u>13,319,769</u>	<u>308,626</u>	<u>-</u>	<u>3,021,191</u>	<u>16,649,586</u>
Accumulated depreciation:					
Building and improvements	(1,911,318)	(124,834)			(2,036,152)
Machinery and equipment	(1,217,135)	(62,935)			(1,280,070)
Automotive equipment	(1,474,318)	(77,433)			(1,551,751)
Infrastructure	(504,739)	(166,154)			(670,893)
Total accumulated depreciation	<u>(5,107,510)</u>	<u>(431,356)</u>	<u>-</u>	<u>-</u>	<u>(5,538,866)</u>
Total capital assets, being depreciated, net	<u>8,212,259</u>	<u>(122,730)</u>	<u>-</u>	<u>3,021,191</u>	<u>11,110,720</u>
Total capital assets, net	<u>\$ 12,226,659</u>	<u>\$ 1,235,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,462,414</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 123,866
Public safety	72,246
Public works	219,615
Community development	15,629
Total depreciation expenses	<u>\$ 431,356</u>

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 5 – Capital Assets (Continued)

B. Business-Type Financial Statements

Summary of changes in capital assets for business-type activities for the year ended June 30, 2015 are as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Business-Type Activities:				
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	119,700	4,079	-	123,779
Automotive equipment	909,156	-	-	909,156
Infrastructure	5,918,094	-	-	5,918,094
Total capital assets, being depreciated	<u>11,163,053</u>	<u>4,079</u>	<u>-</u>	<u>11,167,132</u>
Accumulated depreciation:				
Building and improvements	(1,883,010)	(103,317)	-	(1,986,327)
Machinery and equipment	(75,727)	(13,443)	-	(89,170)
Automotive equipment	(553,447)	(151,922)	-	(705,369)
Infrastructure	(1,924,458)	(140,216)	-	(2,064,674)
Total accumulated depreciation	<u>(4,436,642)</u>	<u>(408,898)</u>	<u>-</u>	<u>(4,845,540)</u>
Total capital assets, being depreciated, net	<u>6,726,411</u>	<u>(404,819)</u>	<u>-</u>	<u>6,321,592</u>
Total capital assets, net	<u>\$ 7,632,656</u>	<u>\$ (404,819)</u>	<u>\$ -</u>	<u>\$ 7,227,837</u>

Depreciation expenses for business-type activities for the year ended June 30, 2015 are as follows:

Transportation Development	\$ 165,700
Sanitation	<u>243,198</u>
Total depreciation expenses	<u>\$ 408,898</u>

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 5 – 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, 2015 are as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Fiduciary-Type Activities:				
Capital assets, not being depreciated				
Infrastructure in progress	\$ 378,863	\$ -	\$ -	378,863
Total capital assets, not being depreciated	<u>378,863</u>	<u>-</u>	<u>-</u>	<u>378,863</u>
Capital assets, being depreciated				
Building and improvements	460,540	-	-	460,540
Infrastructure	805,509	-	-	805,509
Vehicles	226,698	-	-	226,698
Total capital assets, being depreciated	<u>1,492,747</u>	<u>-</u>	<u>-</u>	<u>1,492,747</u>
Accumulated depreciation:				
Building and improvements	(76,787)	(12,380)	-	(89,167)
Infrastructure	(104,317)	(19,704)	-	(124,021)
Vehicles	(181,359)	(45,340)	-	(226,699)
Total accumulated depreciation	<u>(362,463)</u>	<u>(77,424)</u>	<u>-</u>	<u>(439,887)</u>
Total capital assets, being depreciated, net	<u>1,130,284</u>	<u>(77,424)</u>	<u>-</u>	<u>1,052,860</u>
Total capital assets, net	<u>\$ 1,509,147</u>	<u>\$ (77,424)</u>	<u>\$ -</u>	<u>\$ 1,431,723</u>

Depreciation expenses for fiduciary activities for the year ended June 30, 2015 was \$77,424.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Long-Term Debt

A. Governmental Activities

Summary of changes in governmental activities long-term debt for the year ended June 30, 2015 are as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Amount Due Within One Year	Amount Due In More Than One Year
North Bakersfield Toyota	\$ 12,035	\$ -	\$ (3,072)	\$ 8,963	\$ 3,072	\$ 5,891
Total	<u>\$ 12,035</u>	<u>\$ -</u>	<u>\$ (3,072)</u>	<u>\$ 8,963</u>	<u>\$ 3,072</u>	<u>\$ 5,891</u>

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, 2015 was \$8,963.

The annual debt service requirements on the loan outstanding at June 30, 2015, were as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 3,072	\$ -	\$ 3,072
2017	3,072	-	3,072
2018	2,819	-	2,819
Total	<u>\$ 8,963</u>	<u>\$ -</u>	<u>\$ 8,963</u>

The cost of the vehicle was \$35,363 and the accumulated depreciation at June 30, 2015 was \$21,218.

B. Business-Type Activities

Summary of changes in business-type activities long-term debt for the year ended June 30, 2015 are as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year	Due In More Than One Year
Contract Obligations with Veolia Water North American Operating Services, LLC	\$ 4,701,594	\$ -	\$ (128,952)	\$ 4,572,642	\$ 136,275	\$ 4,436,367
Total	<u>\$ 4,701,594</u>	<u>\$ -</u>	<u>\$ (128,952)</u>	<u>\$ 4,572,642</u>	<u>\$ 136,275</u>	<u>\$ 4,436,367</u>

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – 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, 2015, were as follows:

Year Ending June 30,	Principal	Interest	Total
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	169,969	216,035	386,004
2021-2025	1,006,072	923,948	1,930,020
2025-2030	1,326,081	603,939	1,930,020
2031-2035	1,477,203	186,665	1,663,868
Total	\$ 4,572,642	\$ 2,881,286	\$ 7,453,928

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Long-Term Debt (Continued)

C. Fiduciary Funds

Summary of changes in fiduciary funds long-term debt for the year ended June 30, 2015 are as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Amount Due Within One Year	Amount Due In More Than One Year
2005 Tax Allocation Bonds	\$ 5,315,000	\$ -	\$ (140,000)	\$ 5,175,000	\$ 145,000	\$ 5,030,000
2008 Tax Allocation Bonds	3,375,000	-	(40,000)	3,335,000	40,000	3,295,000
Total Tax Allocation Bonds	8,690,000	-	(180,000)	8,510,000	185,000	8,325,000
Less deferred amounts:						
Bond discounts	(271,391)	-	12,212	(259,179)	(12,212)	(246,967)
Total deferred amounts	(271,391)	-	12,212	(259,179)	(12,212)	(246,967)
Total	\$ 8,418,609	\$ -	\$ (167,788)	\$ 8,250,821	\$ 172,788	\$ 8,078,033

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 1, 2035. Bonds outstanding at June 30, 2015 were \$5,175,000.

The annual debt service requirements on the loan outstanding at June 30, 2015, were as follows:

Year Ending June 30,	Principal	Interest	Total
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	175,000	226,038	401,038
2021-2025	1,025,000	988,581	2,013,581
2026-2030	1,295,000	697,494	1,992,494
2031-2035	1,665,000	320,441	1,985,441
2036	385,000	9,866	394,866
Total	\$ 5,175,000	\$ 3,222,857	\$ 8,397,857

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – 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 1, 2038. Bonds outstanding at June 30, 2015 were \$3,335,000.

The annual debt service requirements on the loan outstanding at June 30, 2015, were as follows:

Year Ending June 30,	Principal	Interest	Total
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	50,000	203,850	253,850
2021-2025	290,000	967,525	1,257,525
2026-2030	400,000	856,375	1,256,375
2031-2036	550,000	703,300	1,253,300
2037-2039	1,875,000	291,688	2,166,688
Total	<u>\$ 3,335,000</u>	<u>\$ 3,862,889</u>	<u>\$ 7,197,889</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 2015 was \$734,260. Total debt service of all Tax Allocation Bonds paid was \$657,533, 89.6% 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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 7 – Compensated Absences

Summary of changes in compensated absences for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Amount Due Within One Year	Amount Due in More Than One Year
Governmental Activities	\$ 171,313	\$ 252,507	\$ (235,237)	\$ 188,583	\$ 37,717	\$ 150,867
Business-Type Activities	12,220	23,050	(16,761)	18,509	3,702	14,807
Total	<u>\$ 183,533</u>	<u>\$ 275,557</u>	<u>\$ (251,998)</u>	<u>\$ 207,092</u>	<u>\$ 41,418</u>	<u>\$ 165,674</u>

The City's liability for vested and unpaid compensated absences (accrued vacation) has been accrued and totaled to \$188,583 for governmental activities and \$18,509 for business-type activities at June 30, 2015. Compensated absences are generally liquidated by the General Fund for the governmental activities and by Transportation Development Enterprise Fund for the business-type activities.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Retirement Plans

Governmental Activities	Balance July 1, 2014 (As Restated)	Additions	Deletions	Balance June 30, 2015
Deferred outflows of resources:				
Pension contribution after measurement date:				
Miscellaneous Classic	\$ 63,449	\$ 49,885	\$ (63,449)	\$ 49,885
Miscellaneous PEPRA	7,951	17,676	(7,951)	17,676
Safety Police Classic	143,373	128,424	(143,373)	128,424
Safety Police PEPRA	16,290	20,234	(16,290)	20,234
Total pension contribution after measurement date	231,063	216,219	(231,063)	216,219
Employer's actual contributions in excess of employer's proportionate share of contributions:				
Miscellaneous PEPRA	-	7,917	(2,083)	5,834
Safety Police Classic	-	38,366	(10,096)	28,270
Safety Police PEPRA	-	16,288	(4,286)	12,002
Total employer's actual contributions in excess of employer's proportionate share of contributions	-	62,571	(16,465)	46,106
Adjustment due to difference in proportion				
Miscellaneous Classic	-	15,017	(3,951)	11,066
Total adjustment due to difference in proportion	-	15,017	(3,951)	11,066
Total deferred outflows of resources	\$ 231,063	\$ 293,807	\$ (251,479)	\$ 273,391
Net pension liabilities:				
Miscellaneous Classic	\$ 785,258	\$ 386,167	\$ (640,949)	\$ 530,476
Miscellaneous PEPRA	354	16,469	(16,563)	260
Safety Police Classic	1,035,081	547,529	(826,089)	756,521
Safety Police PEPRA	24	18,432	(18,439)	17
Total net pension liabilities	\$ 1,820,717	\$ 968,597	\$ (1,502,040)	\$ 1,287,274
Deferred inflows of Resources:				
Difference in projected and actual earnings on pension investments:				
Miscellaneous Classic	\$ -	\$ 282,915	\$ (56,583)	\$ 226,332
Miscellaneous PEPRA	-	109	(22)	87
Safety Police Classic	-	319,474	(63,895)	255,579
Safety Police PEPRA	-	8	(2)	6
Total difference in projected and actual earnings on pension investments:	-	602,506	(120,502)	482,004
Employer's proportionate share in excess of employer's actual contributions:				
Miscellaneous Classic	-	25,654	(6,751)	18,903
Adjustment due to difference in proportion				
Miscellaneous PEPRA	-	8,357	(2,199)	6,158
Safety Police Classic	-	97,150	(25,566)	71,584
Safety Police PEPRA	-	2,019	(531)	1,488
Total adjustment due to difference in proportion	-	107,526	(28,296)	79,230
Deferred inflows of Resources:	\$ -	\$ 735,686	\$ (155,549)	\$ 580,137

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Retirement Plans (Continued)

Business-Type Activities	Balance July 1, 2014 (As Restated)	Additions	Deletions	Balance June 30, 2015
Deferred outflows of resources:				
Pension contribution after measurement date:				
Miscellaneous Classic	\$ 17,062	\$ 13,414	\$ (17,062)	\$ 13,414
Miscellaneous PEPRA	1,660	3,691	(1,660)	3,691
Total pension contribution after measurement date	18,722	17,105	(18,722)	17,105
Employer's actual contributions in excess of employer's proportionate share of contributions:				
Miscellaneous PEPRA	-	1,653	(435)	1,218
Adjustment due to difference in proportion				
Miscellaneous Classic	-	4,038	(1,063)	2,975
Total deferred outflows of resources	\$ 18,722	\$ 22,796	\$ (20,220)	\$ 21,298
Net pension liabilities:				
Miscellaneous Classic	\$ 211,156	\$ 103,840	\$ (172,351)	\$ 142,645
Miscellaneous PEPRA	74	3,439	(3,459)	54
Total net pension liabilities	\$ 211,230	\$ 107,279	\$ (175,810)	\$ 142,699
Deferred inflows of Resources:				
Difference in projected and actual earnings on pension investments:				
Miscellaneous Classic	\$ -	\$ 76,076	\$ (15,215)	\$ 60,861
Miscellaneous PEPRA	-	23	(4)	19
Total difference in projected and actual earnings on pension investments:	-	76,099	(15,219)	60,880
Employer's proportionate share in excess of employer's actual contributions:				
Miscellaneous Classic	-	6,898	(1,815)	5,083
Adjustment due to difference in proportion				
Miscellaneous PEPRA	-	1,745	(459)	1,286
Deferred inflows of Resources:	\$ -	\$ 84,742	\$ (17,493)	\$ 67,249

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Retirement Plans (Continued)

General Information about the Pension Plan

Plan Description

The City contributes to CalPERS, a cost-sharing multiple-employer defined benefit pension plan, for its miscellaneous and safety employees. 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 its executive office at 400 “P” Street, Sacramento, California 95814.

Employees Covered by Benefit Terms

At June 30, 2013, the following employees were covered by the benefit terms:

	Plans			
	Miscellaneous		Safety	
	Classic	PEPRA	Classic	PEPRA
Active employees	21	4	17	2
Transferred and terminated employees	16	-	22	-
Separated	17	-	10	-
Retired Employees and Beneficiaries	22	-	15	-
Total	<u>76</u>	<u>4</u>	<u>64</u>	<u>2</u>

Benefit Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member becomes eligible for Service Retirement upon attainment of age 55 with at least 5 years of credited service. Public Employee Pension Reform Act (PEPRA) miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 full-time equivalent monthly pay.

Following are the benefit provisions for each plan:

- Miscellaneous Classic: 2.0% (at age 55) of the average final 36 months compensation
- Miscellaneous PEPRA: 2.0% (at age 62) of the average final 36 months compensation
- Safety Classic: 2.0% (at age 55) of the average final 36 months compensation
- Safety PEPRA: 2.0% (at age 62) of the average final 36 months compensation.

Participant is eligible for non-industrial disability retirement if becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Retirement Plans (Continued)

General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5% per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2%.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The Public agency cost-sharing plans covered by the miscellaneous risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the contribution rate were as follows:

<u>Plans</u>	<u>Active Employee Contribution Rate</u>	<u>Average Employer Contribution Rate</u>
Miscellaneous Classic	6.891%	8.052%
Miscellaneous PEPRA	6.308%	6.250%
Safety Classic	6.905%	14.160%
Safety PEPRA	9.576%	9.500%

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Retirement Plans (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. Both the June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%, which is net of administrative expenses. An investment return excluding administrative expenses would have been 7.65%. Management has determined that using the lower discount rate has resulted in a slightly higher total pension liability and net pension liability and the difference was deemed immaterial to the financial statements. The long-term expected rate of return on pension plan investments was determined in which best-estimate ranges of expected future real rates are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were considered. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major *asset class*.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Retirement Plans (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Discount Rate (Continued)

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	-0.55	-1.05

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1 percentage-point higher (8.50%) than the current rate:

<u>Plans</u>	<u>Plan's Net Pension Liability/(Asset)</u>		
	<u>Discount Rate - 1% (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>Discount Rate + 1% (8.50%)</u>
Miscellaneous Classic	\$ 1,317,093	\$ 673,121	\$ 138,687
Miscellaneous PEPRAs	\$ 559	\$ 314	\$ 110
Safety Classic	\$ 1,354,671	\$ 756,521	\$ 263,671
Safety PEPRAs	\$ 30	\$ 17	\$ 7

Pension Plan Fiduciary Net Position

Detail information about the plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Retirement Plans (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan’s proportionate share of the risk pool collective net pension liability over the measurement period:

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability/(Asset)
Miscellaneous Classic			
Balance at: 6/30/13 (Valuation date)	\$ 4,581,551	\$ 3,585,137	\$ 996,414
Balance at: 6/30/14 (Measurement date)	\$ 4,854,197	\$ 4,181,076	\$ 673,121
Net Changes during 2013-2014	\$ 272,646	\$ 595,939	\$ (323,293)
Miscellaneous PEPPRA			
Balance at: 6/30/13 (Valuation date)	\$ 1,743	\$ 1,315	\$ 428
Balance at: 6/30/14 (Measurement date)	\$ 1,847	\$ 1,533	\$ 314
Net Changes during 2013-2014	\$ 104	\$ 218	\$ (114)
Safety Classic			
Balance at: 6/30/13 (Valuation date)	\$ 4,258,935	\$ 3,223,854	\$ 1,035,081
Balance at: 6/30/14 (Measurement date)	\$ 4,465,555	\$ 3,709,034	\$ 756,521
Net Changes during 2013-2014	\$ 206,620	\$ 485,180	\$ (278,560)
Safety PEPPRA			
Balance at: 6/30/13 (Valuation date)	\$ 92	\$ 68	\$ 24
Balance at: 6/30/14 (Measurement date)	\$ 96	\$ 79	\$ 17
Net Changes during 2013-2014	\$ 4	\$ 11	\$ (7)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

(1) In determining a cost-sharing plan’s proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2013). The risk pool’s fiduciary net position (“FNP”) subtracted from its total pension liability (“TPL”) determines the net pension liability (“NPL”) at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2014). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool’s FNP at the measurement date denotes the aggregate risk pool’s FNP at June 30, 2014 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2013-14).

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Retirement Plans (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool (Continued).

- (1) The individual plan’s TPL, FNP and NPL are also calculated at the valuation date.
- (2) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (3) The plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (4) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

The City’s proportionate share of the net pension liability was as follows:

	Plans			
	Miscellaneous Classic	Miscellaneous PEPRAs	Safety Classic	Safety PEPRAs
June 30, 2013	0.03041%	0.00001%	0.02163%	0.00000%
June 30, 2014	0.02054%	0.00001%	0.01581%	0.00000%
Change - Increase (Decrease)	-0.00987%	0.00000%	-0.00582%	0.00000%

For the year ended June 30, 2015, the City recognized pension expense as follows:

Miscellaneous Classic	\$	54,356
Miscellaneous PEPRAs		9,995
Safety Police Classic		163,706
Safety Police PEPRAs		5,775
	\$	233,832

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the risk pool. The EARSL for risk pool for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired).

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Retirement Plans (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Classic		
	Deferred outflows of Resources	Deferred inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Difference between projected and actual earning on pension plan investments	-	(287,193)
Adjustment due to differences in proportions	14,041	-
Difference between City contributions and proportionate share of contributions	-	(23,986)
Total	<u>\$ 14,041</u>	<u>\$ (311,179)</u>
Miscellaneous PEPR		
	Deferred outflows of Resources	Deferred inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Difference between projected and actual earning on pension plan investments	-	(106)
Adjustment due to differences in proportions	-	(7,444)
Difference between City contributions and proportionate share of contributions	7,052	-
Total	<u>\$ 7,052</u>	<u>\$ (7,550)</u>
Safety Classic		
	Deferred outflows of Resources	Deferred inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Difference between projected and actual earning on pension plan investments	-	(255,579)
Adjustment due to differences in proportions	-	(71,584)
Difference between City contributions and proportionate share of contributions	28,270	-
Total	<u>\$ 28,270</u>	<u>\$ (327,163)</u>
Safety PEPR		
	Deferred outflows of Resources	Deferred inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Difference between projected and actual earning on pension plan investments	-	(6)
Adjustment due to differences in proportions	-	(1,488)
Difference between City contributions and proportionate share of contributions	12,002	-
Total	<u>\$ 12,002</u>	<u>\$ (1,494)</u>

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – Retirement Plans (Continued)

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

Deferred outflows of resources related to pensions resulting from the City’s contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources			
	Miscellaneous Classic	Miscellaneous PEPR	Safety Classic	Safety PEPR
2016	\$ (75,350)	\$ (166)	\$ (79,365)	\$ 3,754
2017	(75,350)	(166)	(79,365)	3,754
2018	(74,639)	(138)	(76,269)	3,003
2019	(71,799)	(28)	(63,894)	(3)
2020	-	-	-	-
Thereafter	-	-	-	-
	<u>\$ (297,138)</u>	<u>\$ (498)</u>	<u>\$ (298,893)</u>	<u>\$ 10,508</u>

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 9 – 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 \$500,000 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 \$15,000,000 and workers’ compensation coverage from \$500,000 to the statutory limit. The City has had no settlements which exceeded insurance coverage in the last ten fiscal years, and no changes in insurance coverage from the prior year. The City’s deductible amount is included with the premiums.

The CSJVRMA is a consortium of fifty-four (54) 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, 2015, are presented below:

Total assets	\$ 86,630,360
Total liabilities	<u>\$ 73,673,710</u>
Total equities	<u>\$ 12,956,650</u>
Total revenues	<u>\$ 38,130,606</u>
Total expenses	<u>\$ 40,427,807</u>
Revenues over (under) expenses	<u>\$ (2,297,201)</u>

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Other Required Fund Disclosures

At June 30, 2015, the following funds had deficit net position/fund balance:

Fund Type	Funds	Deficit
Special Revenue Fund	RSTP Funds	\$ (108,010)
Special Revenue Fund	Community Development Block Grant	(48,030)
Special Revenue Fund	Traffic HSIP Derby Signal Light	(2,601)
Special Revenue Fund	Skycamore Road Flood Reduction	(48)
Special Revenue Fund	Prop 84 Park	(18,200)
Special Revenue Fund	Jewett Square Development	(23,091)
Fiduciary Fund	Successor Agency Private Purpose Trust Fund	(3,180,610)

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.

Note 11 – Excess Expenditures over Appropriations

For the year ended June 30, 2015, expenditures exceeded appropriations in the following funds:

Fund	Appropriations	Expenditures	Excess
RSTP Speical Revenue Funds	\$ 238,902	\$ 535,666	\$ 296,764
PTMISEA Fence Grant			
Special Revenue Fund	-	18,978	18,978
CMAQ Special Revenue Fund	-	1,596	1,596
Transportation Development Act			
(Non-Transit) Special Revenue Fund	49,055	84,500	35,445
Community Development Block Grant			
Special Revenue Fund	27,651	245,168	217,517
COPS Program Special Revenue Fund	99,979	119,781	19,802
Traffic HSIP Derby Signal			
Special Revenue Fund	-	5,164	5,164
Sycamore Road Flood Reduction			
Special Revenue Fund	-	169,888	169,888
Prop 84 Park Special Revenue Fund	-	33,577	33,577
AB109 Special Revenue Fund	52,494	109,601	57,107
Enterprise Zone Speical Revenue Fund	6,940	13,971	7,031
Safe Route to School			
Special Revenue Fund	-	65,215	65,215
State Gas Tax Special Revenue Fund	420,500	421,235	735
Jewett Square Development			
Special Revenue Fund	-	86,519	86,519

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 12 – Classification of Fund Balances

At June 30, 2015, fund balances are classified as follows:

	Major Funds					Total
	General	Traffic Impact Fees Special Revenue	RSTP Special Revenue	PTMISEA Fence Grant Special Revenue	Non-Major Governmental Funds	
	Fund	Fund	Fund	Fund	Funds	
	Fund	Fund	Fund	Fund	Funds	
Nonspendable						
Due from Successor Agency	1,194,923	-	-	-	-	1,194,923
Total nonspendable	1,194,923	-	-	-	-	1,194,923
Restricted						
State Gas Tax	-	-	-	-	394,434	394,434
CMAQ	-	-	-	-	-	-
Transportation development (Non-Transit)	-	-	-	-	127,940	127,940
LLMD District	-	-	-	-	86,312	86,312
Traffic offenders law enforcement	-	-	-	-	4,466	4,466
Prop 1B traffic signal and security	-	-	-	-	305,078	305,078
Traffic impact fees	-	1,157,199	-	-	-	1,157,199
ARRA Grant	-	-	-	-	73	73
PTMISEA Fence Grant	-	-	-	2,030	-	2,030
Park Fees	-	-	-	-	279,494	279,494
JARC Capital Grant	-	-	-	-	116,038	116,038
Safe Reoute to School	-	-	-	-	6,144	6,144
AB109	-	-	-	-	3,549	3,549
Total restricted	-	1,157,199	-	2,030	1,323,528	2,482,757
Unassigned	94,003	-	(108,010)	-	(91,970)	(105,977)
Total fund balances	\$ 1,288,926	\$ 1,157,199	\$ (108,010)	\$ 2,030	\$ 1,231,558	\$ 3,571,703

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 13 – 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, 2015 was \$605,135. Under the terms of the agreement the City is permitted to remove all funds in excess of \$500,000 from the Union bank account beginning in the fiscal year 2009-2010. All funds in the trust account are City property held in pledge toward City obligations under the Veolia agreement, and subject to the terms of the trust account agreement.

The City makes monthly payments of \$32,167 to amortize, with interest, the improvements and debt service advance financed by Veolia. If the agreement is terminated early, the City must pay a declining lump sum, as described above, to repay Veolia's investment plus an imputed premium for early termination. The amount financed and these payments are reported by the City as long term indebtedness in the business-type activities, and is more fully discussed above in connection with the City's long term indebtedness (see Note 6). The transactional activity related to the Veolia contract is reported in the Sanitation 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 the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 14 – Prior Period Adjustments

The City implemented GASB Statement No. 68 and No. 71 during the year ended June 30, 2015. The beginning net positions at July 1, 2014 were restated as follows:

	Governmental Activities	Business-type Activities	Enterprise Fund Transportation Development
Net Position at July 1, 2014	\$ 16,208,056	\$ 4,876,775	\$ 311,661
Cash	(264,965)	-	-
Unearned revenues	(171,552)	-	-
CalPERS Mis. Classic Plan:			
Net Pension Liabilities	(785,258)	(211,156)	(211,156)
Deferred outflows of Resources			
Pension contribution made during			
Measurement Period	63,449	17,062	17,062
CalPERS Mis. PEPRA Plan:			
Net Pension Liabilities	(354)	(74)	(74)
Deferred outflows of Resources			
Pension contribution made during			
Measurement Period	7,951	1,660	1,660
CalPERS Safety Classic Plan:			
Net Pension Liabilities	(1,035,081)	-	-
Deferred outflows of Resources			
Pension contribution made during			
Measurement Period	143,373	-	-
CalPERS Safety PEPRA Plan:			
Net Pension Liabilities	(24)	-	-
Deferred outflows of Resources			
Pension contribution made during			
Measurement Period	16,290	-	-
Subtotal	(2,026,171)	(192,508)	(192,508)
Net Position at July 1, 2014, as Restated	\$ 14,181,885	\$ 4,684,267	\$ 119,153

General Fund's fund balance at July 1, 2014 was restated from \$2,968,045 to \$2,703,080 due to adjustment in cash.

PTMISEA Fund's fund balance at July 1, 2014 was restated from \$171,366 to a deficit of \$(186) due to the correction on recognized revenue to unearned revenue.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 15 – Subsequent Events

On December 9, 2015, the City executed a loan agreement in the amount of \$4,995,000 relating to the facility lease for the Jewett Square. The term of the placement is 20 years, commencing on December 9, 2015 through December 1, 2035, at an interest rate of 3.94%.

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Arvin
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
For the year ended June 30, 2015

Budget Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 234,500	\$ 234,500	\$ 132,897	\$ (101,603)
Property taxes in lieu of VLF	1,342,000	1,342,000	1,373,221	31,221
Sales tax	1,490,000	1,490,000	1,897,177	407,177
Franchise tax	660,732	660,732	834,517	173,785
Vehicle license tax	210,000	210,000	217,828	7,828
Other taxes	-	-	405	405
Licenses, permits and fees	378,748	378,748	613,564	234,816
Fines, forfeitures and penalties	11,390	11,390	23,820	12,430
Investment income	5,000	5,000	36,594	31,594
Lease revenue	51,200	51,200	53,505	2,305
Intergovernmental	3,700,794	3,700,794	82,168	(3,618,626)
Charges for current services	146,761	146,761	170,592	23,831
Other	148,164	148,164	41,747	(106,417)
Total revenues	8,379,289	8,379,289	5,478,035	(2,901,254)
EXPENDITURES:				
Current:				
General government	1,409,297	1,409,297	1,513,255	(103,958)
Public safety	2,809,199	2,809,199	2,761,552	47,647
Public works	4,196,800	4,196,800	154,963	4,041,837
Culture and recreation	287,940	287,940	363,859	(75,919)
Capital Outlay	447,904	447,904	667,780	(219,876)
Total expenditures	9,151,140	9,151,140	5,461,409	3,689,731
REVENUES OVER (UNDER) EXPENDITURES	(771,851)	(771,851)	16,626	788,477
OTHER FINANCING SOURCES (USES):				
Transfers in	308,692	308,692	10,450	(298,242)
Transfers out	-	-	(1,441,230)	(1,441,230)
Total other financing sources (uses)	308,692	308,692	(1,430,780)	(1,739,472)
NET CHANGES IN FUND BALANCES	\$ (463,159)	\$ (463,159)	\$ (1,414,154)	\$ (950,995)
FUND BALANCES:				
Beginning of year, as restated			2,703,080	
End of year			<u>\$ 1,288,926</u>	

City of Arvin
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule
For the year ended June 30, 2015

Budget Comparison Schedule, Traffic Impact Fees Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses, permits and fees	\$ 291,637	\$ 291,637	\$ 547,328	\$ 255,691
Investment income	-	-	-	-
Total revenues	<u>291,637</u>	<u>291,637</u>	<u>547,328</u>	<u>255,691</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>291,637</u>	<u>291,637</u>	<u>547,328</u>	<u>255,691</u>
NET CHANGES IN FUND BALANCES	<u>\$ 291,637</u>	<u>\$ 291,637</u>	547,328	<u>\$ 255,691</u>
FUND BALANCES:				
Beginning of year			<u>609,871</u>	
End of year			<u>\$ 1,157,199</u>	

City of Arvin
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule
For the year ended June 30, 2015

Budget Comparison Schedule, RSTP Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 273,186	\$ 273,186	\$ 14,296	\$ (258,890)
EXPENDITURES:				
Capital Outlay	238,902	238,902	535,666	(296,764)
Total expenditures	238,902	238,902	535,666	(296,764)
REVENUES OVER (UNDER) EXPENDITURES				
	34,284	34,284	(521,370)	(555,654)
OTHER FINANCING SOURCES (USES):				
Transfers in	124,572	124,572	548,885	424,313
Total other financing sources (uses)	124,572	124,572	548,885	424,313
NET CHANGES IN FUND BALANCES				
	\$ 158,856	\$ 158,856	27,515	\$ (131,341)
FUND BALANCES:				
Beginning of year			(135,525)	
End of year			\$ (108,010)	

City of Arvin
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule
For the year ended June 30, 2015

Budget Comparison Schedule, PTMISEA Fence Grant Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 30,833	\$ 30,833
EXPENDITURES:				
Current:				
Public safety	-	-	18,978	(18,978)
Total expenditures	-	-	18,978	(18,978)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	11,855	11,855
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,455	1,455
Transfers out	(327,111)	(327,111)	(11,094)	316,017
Total other financing sources (uses)	(327,111)	(327,111)	(9,639)	317,472
NET CHANGES IN FUND BALANCES	<u>\$ (327,111)</u>	<u>\$ (327,111)</u>	2,216	<u>\$ 329,327</u>
FUND BALANCES:				
Beginning of year			(186)	
End of year			<u>\$ 2,030</u>	

City of Arvin
Required Supplementary Information (Unaudited) (Continued)
Notes to Budgetary Comparison Schedule
For the year ended June 30, 2015

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, 2015, there were no adopted operating budgets for Prop 1B Special Revenue Fund, Traffic HISP Derby Signal Light Special Revenue Fund, ARRA Grant Special Revenue Fund, Sycamore Road Flood Reduction Special Revenue Fund, JARC Capital Grant Special Revenue Fund, Prop 84 Park Special Revenue Fund, Safe Route to School Special Revenue Fund, and Jewett Square Development Capital Project Fund.

City of Arvin
Required Supplementary Information (Unaudited) (Continued)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios
For the year ended June 30, 2015

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Classic Plan

	June 30, 2014 ¹
City Proportion of the Net Pension Liability/(Asset)	0.01082%
City's Proportionate Share of the net Pension Liability/(Asset)	\$ 673,121
City's Covered-Employee Payroll	\$ 971,792
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	69.27%
 Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	 86.13%

California Public Employees' Retirement System ("CalPERS") - Miscellaneous PEPR Plan

	June 30, 2014 ¹
City Proportion of the Net Pension Liability/(Asset)	0.00001%
City's Proportionate Share of the net Pension Liability/(Asset)	\$ 314
City's Covered-Employee Payroll	\$ 147,998
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	0.21%
 Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	 83.00%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

City of Arvin
Required Supplementary Information (Unaudited) (Continued)
Schedule of the City's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)
For the year ended June 30, 2015

Last Ten Fiscal Years (Continued)

California Public Employees' Retirement System ("CalPERS") - Safety Classic Plan

	June 30, 2014 ¹
City Proportion of the Net Pension Liability/(Asset)	0.01216%
City's Proportionate Share of the net Pension Liability/(Asset)	\$ 756,521
City's Covered-Employee Payroll	\$ 1,067,963
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	70.84%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	83.06%

California Public Employees' Retirement System ("CalPERS") - Safety Classic Plan

	June 30, 2014 ¹
City Proportion of the Net Pension Liability/(Asset)	0.00000%
City's Proportionate Share of the net Pension Liability/(Asset)	\$ 17
City's Covered-Employee Payroll	\$ 89,081
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	0.02%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	82.29%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

City of Arvin
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions
For the year ended June 30, 2015

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Classic Plan

	2014-15 ¹	2013-14 ¹
Actuarially determined contribution	\$ 63,299	\$ 80,511
Contributions in relation to the actuarially determined contribution ²	(63,299)	(80,511)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll ^{3,4}	\$ 1,000,946	\$ 971,792
Contributions as a percentage of covered-employee payroll ³	6.32%	8.28%

California Public Employees' Retirement System ("CalPERS") - Miscellaneous PEPR Plan

	2014-15 ¹	2013-14 ¹
Actuarially determined contribution	\$ 21,367	\$ 9,611
Contributions in relation to the actuarially determined contribution ²	(21,367)	(9,611)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll ^{3,4}	\$ 152,438	\$ 147,998
Contributions as a percentage of covered-employee payroll ³	14.02%	6.49%

California Public Employees' Retirement System ("CalPERS") - Safety Classic Plan

	2014-15 ¹	2013-14 ¹
Actuarially determined contribution	\$ 128,424	\$ 143,373
Contributions in relation to the actuarially determined contribution ²	(128,424)	(143,373)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll ^{3,4}	\$ 1,100,002	\$ 1,067,963
Contributions as a percentage of covered-employee payroll ³	11.67%	13.42%

City of Arvin
Required Supplementary Information (Unaudited) (Continued)
Schedule of Contributions (Continued)
For the year ended June 30, 2015

Last Ten Fiscal Years (Continued)

California Public Employees' Retirement System ("CalPERS") - Safety PEPRA Plan

	2014-15 ¹	2013-14 ¹
Actuarially determined contribution	\$ 20,234	\$ 16,290
Contributions in relation to the actuarially determined contribution ²	(20,234)	(16,290)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll ^{3,4}	\$ 91,753	\$ 89,081
Contributions as a percentage of covered-employee payroll ³	22.05%	18.29%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

⁴ Payroll from prior year \$8,814,349 was assumed to increase by the 3.00 percent payroll growth assumption.

	2012-13 Covered Employee Payroll	
Miscellaneous Classic	\$	934,487
Miscellaneous PEPRA		143,687
Safety Classic		1,036,858
Safety PEPRA		86,486

Notes to Schedule:

Valuation date:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

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SUPPLEMENTARY INFORMATION

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Nonmajor Governmental Funds

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.

TEA 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.

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

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

COPS Program Fund - Accounts for expenditures made with state grant monies authorized by California 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.

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 HSIP Derby Signal Light - Accounts for the grant received from California Department of Transportation to be used for improvement of the intersection of Derby and Bear Mountain Road with a Signal Light.

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

Sycamore Road Flood Reduction - Accounts for the grant received from the State Department of Water Resources to be used for building new infrastructure of sewer pipe to eliminate the flooding.

Nonmajor Governmental Funds (Continued)

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.

Safe Route to School - Accounts for the grant received from California Department of Transportation to reconstruct and improve infrastructure along school routes.

State Gas Tax Special Revenue Fund – The State Gas Tax 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.

Capital Project Fund:

Jewett Square Development - Accounts for a private placement loan, designated for adding new infrastructure for Jewett Square which is a City’s vacant property to attract new businesses to the City.

City of Arvin
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015

	Special Revenue				
	CMAQ Grant	TEA	Transportation Development Act (Non-Transit)	Community Development Block Grant	COPS Program
ASSETS					
Cash and investments	\$ -	\$ -	\$ 129,356	\$ -	\$ 20,501
Accounts receivables	68,486	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 68,486	\$ -	\$ 129,356	\$ -	\$ 20,501
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 1,416	\$ -	\$ 12,677
Accrued payroll and benefits	-	-	-	-	7,824
Due to other funds	68,486	-	-	48,030	-
Total liabilities	68,486	-	1,416	48,030	20,501
Fund Balances:					
Restricted	-	-	127,940	-	-
Unassigned	-	-	-	(48,030)	-
Total fund balances	-	-	127,940	(48,030)	-
Total liabilities and fund balances	\$ 68,486	\$ -	\$ 129,356	\$ -	\$ 20,501

City of Arvin
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2015

Special Revenue

	LLMD	Traffic Offender	Prop 1B	Traffic HSIP Derby Signal Light	ARRA Grant
ASSETS					
Cash and investments	\$ 89,897	\$ 4,466	\$ 305,078	\$ 2,563	\$ 73
Accounts receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 89,897	\$ 4,466	\$ 305,078	\$ 2,563	\$ 73
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,283	\$ -	\$ -	\$ -	\$ -
Accrued payroll and benefits	2,302	-	-	-	-
Due to other funds	-	-	-	5,164	-
Total liabilities	3,585	-	-	5,164	-
Fund Balances:					
Restricted	86,312	4,466	305,078	-	73
Unassigned	-	-	-	(2,601)	-
Total fund balances	86,312	4,466	305,078	(2,601)	73
Total liabilities and fund balances	\$ 89,897	\$ 4,466	\$ 305,078	\$ 2,563	\$ 73

(Continued)

City of Arvin
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2015

	Special Revenue				
	Sycamore Road Flood Reduction	Federal Police Grant	JARC Operations Grant	JARC Capital Grant	Prop 84 Park
ASSETS					
Cash and investments	\$ -	\$ 21,684	\$ -	\$ 116,038	\$ 5,800
Accounts receivables	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ -	\$ 21,684	\$ -	\$ 116,038	\$ 5,800
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 48	\$ -	\$ -	\$ -	\$ 24,000
Accrued payroll and benefits	-	1,926	-	-	-
Due to other funds	-	19,758	-	-	-
Total liabilities	48	21,684	-	-	24,000
Fund Balances:					
Restricted	-	-	-	116,038	-
Unassigned	(48)	-	-	-	(18,200)
Total fund balances	(48)	-	-	116,038	(18,200)
Total liabilities and fund balances	\$ -	\$ 21,684	\$ -	\$ 116,038	\$ 5,800

(Continued)

City of Arvin
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2015

	Special Revenue				
	Park Fees	AB109	Enterprise Zone	Safe Route to School	State Gas Tax
ASSETS					
Cash and investments	\$ 279,494	\$ 3,549	\$ -	\$ -	\$ 457,028
Accounts receivables	-	-	-	25,302	5,614
Due from other funds	-	-	-	62,982	-
Total assets	\$ 279,494	\$ 3,549	\$ -	\$ 88,284	\$ 462,642
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 82,140	\$ 20,935
Accrued payroll and benefits	-	-	-	-	47,273
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	82,140	68,208
Fund Balances:					
Restricted	279,494	3,549	-	6,144	394,434
Unassigned	-	-	-	-	-
Total fund balances	279,494	3,549	-	6,144	394,434
Total liabilities and fund balances	\$ 279,494	\$ 3,549	\$ -	\$ 88,284	\$ 462,642

(Continued)

City of Arvin
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2015

	Capital Project Fund	Total Non-major Governmental Funds
	Jewett Square Development	
ASSETS		
Cash and investments	\$ -	\$ 1,435,527
Accounts receivables	-	99,402
Due from other funds	63,428	126,410
Total assets	\$ 63,428	\$ 1,661,339
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 86,519	\$ 229,018
Accrued payroll and benefits	-	59,325
Due to other funds	-	141,438
Total liabilities	86,519	429,781
Fund Balances:		
Restricted	-	1,323,528
Unassigned	(23,091)	(91,970)
Total fund balances	(23,091)	1,231,558
Total liabilities and fund balances	\$ 63,428	\$ 1,661,339

(Concluded)

City of Arvin
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue				
	CMAQ Grant	TEA	Transportation Development Act (Non-Transit)	Community Development Block Grant	
REVENUES:					
Property taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-
Intergovernmental	14,300	-	-	194,963	106,230
Charges for current services	-	-	-	-	-
Other	-	-	-	2,175	-
Total revenues	14,300	-	-	197,138	106,230
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public Safety	-	-	-	-	119,781
Public Works	1,596	288	30,864	31,926	-
Planning/community development	-	-	-	-	-
Capital outlay	-	-	53,636	213,242	-
Total expenditures	1,596	288	84,500	245,168	119,781
REVENUES OVER (UNDER) EXPENDITURES	12,704	(288)	(84,500)	(48,030)	(13,551)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	178,878	68,878	118,030	24,302
Transfers out	(10,450)	-	-	-	-
Total other financing sources (uses)	(10,450)	178,878	68,878	118,030	24,302
NET CHANGE IN FUND BALANCES	2,254	178,590	(15,622)	70,000	10,751
FUND BALANCES:					
Beginning of year,	(2,254)	(178,590)	143,562	(118,030)	(10,751)
End of year	\$ -	\$ -	\$ 127,940	\$ (48,030)	\$ -

City of Arvin
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue				
	LLMD	Traffic Offenders	Prop 1B	Traffic HSIP Derby Signal Light	ARRA Grant
REVENUES:					
Property taxes and special assessments	\$ 107,288	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	1,890	-	-	-
Intergovernmental	-	-	-	-	-
Charges for current services	-	-	-	-	-
Other	120	-	-	-	-
Total revenues	107,408	1,890	-	-	-
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	99,305	-	-	-	-
Planning/community development	-	-	-	-	-
Capital outlay	-	-	-	5,164	-
Total expenditures	99,305	-	-	5,164	-
REVENUES OVER (UNDER) EXPENDITURES	8,103	1,890	-	(5,164)	-
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	2,563	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	2,563	-
NET CHANGE IN FUND BALANCES	8,103	1,890	-	(2,601)	-
FUND BALANCES:					
Beginning of year	78,209	2,576	305,078	-	73
End of year	<u>\$ 86,312</u>	<u>\$ 4,466</u>	<u>\$ 305,078</u>	<u>\$ (2,601)</u>	<u>\$ 73</u>

(Continued)

City of Arvin
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue				
	Sycamore Road Flood Reduction	Federal Police Grant	JARC Operations Grant	JARC Capital Grant	Prop 84 Park
REVENUES:					
Property taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-
Intergovernmental	101,149	23,832	-	-	-
Charges for current services	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	101,149	23,832	-	-	-
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	37,453	-	-	27,777
Public works	-	-	-	-	-
Planning/community development	-	-	-	-	-
Capital outlay	169,888	-	-	-	5,800
Total expenditures	169,888	37,453	-	-	33,577
REVENUES OVER (UNDER) EXPENDITURES	(68,739)	(13,621)	-	-	(33,577)
OTHER FINANCING SOURCES (USES):					
Transfers in	68,691	13,621	31,578	-	218,976
Transfers out	-	-	-	-	-
Total other financing sources (uses)	68,691	13,621	31,578	-	218,976
NET CHANGE IN FUND BALANCES	(48)	-	31,578	-	185,399
FUND BALANCES:					
Beginning of year	-	-	(31,578)	116,038	(203,599)
End of year	<u>\$ (48)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,038</u>	<u>\$ (18,200)</u>

(Continued)

City of Arvin
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue				
	Park Fees	AB109	Enterprise Zone	Safe Route to School	State Gas Tax
REVENUES:					
Property taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-
Intergovernmental	90,900	83,000	-	25,302	592,714
Charges for current services	-	-	947	-	-
Other	-	-	-	-	-
Total revenues	90,900	83,000	947	25,302	592,714
EXPENDITURES:					
Current:					
General government	-	-	13,971	-	-
Public safety	-	56,487	-	-	-
Public works	-	-	-	6,785	421,235
Planning/community development	-	-	-	-	-
Capital outlay	-	53,114	-	58,430	-
Total expenditures	-	109,601	13,971	65,215	421,235
REVENUES OVER (UNDER) EXPENDITURES	90,900	(26,601)	(13,024)	(39,913)	171,479
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	4,469	46,057	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	4,469	46,057	-
NET CHANGE IN FUND BALANCES	90,900	(26,601)	(8,555)	6,144	171,479
FUND BALANCES:					
Beginning of year	188,594	30,150	8,555	-	222,955
End of year	<u>\$ 279,494</u>	<u>\$ 3,549</u>	<u>\$ -</u>	<u>\$ 6,144</u>	<u>\$ 394,434</u>

(Continued)

City of Arvin
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2015

	Capital Project Fund	Total Non-major Governmental Funds
	Jewett Square Development	Funds
REVENUES:		
Property taxes and special assessments	\$ -	\$ 107,288
Licenses, permits and fees	-	1,890
Intergovernmental	-	1,232,390
Charges for current services	-	947
Other	-	2,295
	-	1,344,810
EXPENDITURES:		
Current:		
General government	-	13,971
Public safety	-	241,498
Public works	-	591,999
Planning/community development	25,891	25,891
Capital outlay	60,628	619,902
	86,519	1,493,261
REVENUES OVER (UNDER) EXPENDITURES	(86,519)	(148,451)
OTHER FINANCING SOURCES (USES):		
Transfers in	63,428	839,471
Transfers out	-	(10,450)
	63,428	829,021
NET CHANGE IN FUND BALANCES	(23,091)	680,570
FUND BALANCES:		
Beginning of year	-	550,988
End of year	\$ (23,091)	\$ 1,231,558

(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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 60,200	\$ 60,200	\$ 14,300	\$ (45,900)
EXPENDITURES:				
Current:				
Public works	-	-	1,596	(1,596)
Total expenditures	-	-	1,596	(1,596)
REVENUES OVER (UNDER)				
EXPENDITURES	60,200	60,200	12,704	(47,496)
OTHER FINANCING SOURCES (USES):				
Transfers out	(59,430)	(59,430)	(10,450)	48,980
Total other financing sources (uses)	(59,430)	(59,430)	(10,450)	48,980
NET CHANGES IN FUND BALANCES	<u>\$ 770</u>	<u>\$ 770</u>	2,254	<u>\$ 1,484</u>
FUND BALANCES:				
Beginning of year			(2,254)	
End of year			<u>\$ -</u>	

City of Arvin
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
TEA Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES:				
Current:				
Public works	\$ 3,392	\$ 3,392	\$ 288	\$ 3,104
Total expenditures	<u>3,392</u>	<u>3,392</u>	<u>288</u>	<u>3,104</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(3,392)</u>	<u>(3,392)</u>	<u>(288)</u>	<u>3,104</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>-</u>	<u>-</u>	<u>178,878</u>	<u>178,878</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>178,878</u>	<u>178,878</u>
NET CHANGES IN FUND BALANCES	<u>\$ (3,392)</u>	<u>\$ (3,392)</u>	<u>178,590</u>	<u>\$ 181,982</u>
FUND BALANCES:				
Beginning of year			<u>(178,590)</u>	
End of year			<u>\$ -</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 200,000	\$ 200,000	\$ -	\$ (200,000)
EXPENDITURES:				
Current:				
Public works	49,055	49,055	30,864	18,191
Capital Outlay	-	-	53,636	(53,636)
Total expenditures	49,055	49,055	84,500	(35,445)
REVENUES OVER (UNDER)				
EXPENDITURES	150,945	150,945	(84,500)	(235,445)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	68,878	68,878
Transfers out	(272,115)	(272,115)	-	272,115
Total other financing sources (uses)	(272,115)	(272,115)	68,878	340,993
NET CHANGES IN FUND BALANCES	\$ (121,170)	\$ (121,170)	(15,622)	\$ 105,548
FUND BALANCES:				
Beginning of year			143,562	
End of year			<u>\$ 127,940</u>	

City of Arvin
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 406,422	\$ 406,422	\$ 194,963	\$ (211,459)
Other	-	-	2,175	2,175
Total revenues	<u>406,422</u>	<u>406,422</u>	<u>197,138</u>	<u>(209,284)</u>
EXPENDITURES:				
Current:				
Public works	27,651	27,651	31,926	(4,275)
Capital Outlay	-	-	213,242	(213,242)
Total expenditures	<u>27,651</u>	<u>27,651</u>	<u>245,168</u>	<u>(217,517)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>378,771</u>	<u>378,771</u>	<u>(48,030)</u>	<u>(426,801)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	118,030	118,030
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>118,030</u>	<u>118,030</u>
NET CHANGES IN FUND BALANCES	<u>\$ 378,771</u>	<u>\$ 378,771</u>	70,000	<u>\$ (308,771)</u>
FUND BALANCES:				
Beginning of year			(118,030)	
End of year			<u>\$ (48,030)</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 106,230	\$ 6,230
EXPENDITURES:				
Current:				
Public safety	99,979	99,979	119,781	(19,802)
REVENUES OVER (UNDER)				
EXPENDITURES	21	21	(13,551)	(13,572)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	24,302	24,302
Total other financing sources (uses)	-	-	24,302	24,302
NET CHANGES IN FUND BALANCES	<u>\$ 21</u>	<u>\$ 21</u>	10,751	<u>\$ 10,730</u>
FUND BALANCES:				
Beginning of year			(10,751)	
End of year			<u>\$ -</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 30,2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes and special assessments	\$ 108,806	\$ 108,806	\$ 107,288	\$ (1,518)
Other	-	-	120	120
Total revenues	<u>108,806</u>	<u>108,806</u>	<u>107,408</u>	<u>(1,398)</u>
EXPENDITURES:				
Current:				
Public works	104,613	104,613	99,305	5,308
Total expenditures	<u>104,613</u>	<u>104,613</u>	<u>99,305</u>	<u>5,308</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>4,193</u>	<u>4,193</u>	<u>8,103</u>	<u>3,910</u>
NET CHANGES IN FUND BALANCES	<u>\$ 4,193</u>	<u>\$ 4,193</u>	<u>8,103</u>	<u>\$ 3,910</u>
FUND BALANCES:				
Beginning of year			<u>78,209</u>	
End of year			<u>\$ 86,312</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses, permits and fees	\$ 2,000	\$ 2,000	\$ 1,890	\$ (110)
REVENUES OVER (UNDER)				
EXPENDITURES	2,000	2,000	1,890	(110)
NET CHANGES IN FUND BALANCES	<u>\$ 2,000</u>	<u>\$ 2,000</u>	1,890	<u>\$ (110)</u>
FUND BALANCES:				
Beginning of year			2,576	
End of year			<u>\$ 4,466</u>	

City of Arvin
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Federal Police Grant Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 23,832	\$ (26,168)
EXPENDITURES:				
Current:				
Public safety	50,000	50,000	37,453	12,547
Total expenditures	50,000	50,000	37,453	12,547
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(13,621)	(13,621)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	13,621	13,621
Total other financing sources (uses)	-	-	13,621	13,621
NET CHANGES IN FUND BALANCES	\$ -	\$ -	\$ -	\$ -
FUND BALANCES:				
Beginning of year			-	
End of year			<u>\$ -</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 10,862	\$ 10,862	\$ -	\$ (10,862)
EXPENDITURES:				
Current:				
General government	10,862	10,862	-	10,862
Total expenditures	10,862	10,862	-	10,862
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	31,578	31,578
Total other financing sources (uses)	-	-	31,578	31,578
NET CHANGES IN FUND BALANCES	\$ -	\$ -	\$ 31,578	\$ 31,578
FUND BALANCES:				
Beginning of year			(31,578)	
End of year			<u>\$ -</u>	

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	75,000	75,000	90,900	15,900
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>90,900</u>	<u>15,900</u>
REVENUES OVER (UNDER)				
EXPENDITURES	75,000	75,000	90,900	15,900
NET CHANGES IN FUND BALANCES	<u>\$ 75,000</u>	<u>\$ 75,000</u>	90,900	<u>\$ 15,900</u>
FUND BALANCES:				
Beginning of year			<u>188,594</u>	
End of year			<u>\$ 279,494</u>	

City of Arvin
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
AB 109 Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 83,000	\$ 83,000	\$ 83,000	\$ -
Total revenues	<u>83,000</u>	<u>83,000</u>	<u>83,000</u>	<u>-</u>
EXPENDITURES:				
Current:				
Public safety	29,994	29,994	56,487	(26,493)
Capital Outlay	22,500	22,500	53,114	(30,614)
Total expenditures	<u>52,494</u>	<u>52,494</u>	<u>109,601</u>	<u>(57,107)</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>30,506</u>	<u>30,506</u>	<u>(26,601)</u>	<u>(57,107)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 30,506</u>	<u>\$ 30,506</u>	<u>(26,601)</u>	<u>\$ (57,107)</u>
FUND BALANCES:				
Beginning of year			<u>30,150</u>	
End of year			<u>\$ 3,549</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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 947	\$ 947	\$ 947	\$ -
EXPENDITURES:				
Current:				
General government	6,940	6,940	13,971	(7,031)
REVENUES OVER (UNDER)				
EXPENDITURES	(5,993)	(5,993)	(13,024)	(7,031)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	4,469	4,469
Total other financing sources (uses)	-	-	4,469	4,469
NET CHANGES IN FUND BALANCES	<u>\$ (5,993)</u>	<u>\$ (5,993)</u>	\$ (8,555)	<u>\$ (2,562)</u>
FUND BALANCES:				
Beginning of year			8,555	
End of year			<u>\$ -</u>	

City of Arvin
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
State Gas Tax Speical Revenue Fund
For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 518,228	\$ 518,228	\$ 592,714	\$ 74,486
EXPENDITURES:				
Current:				
Public works	420,500	420,500	421,235	(735)
Total expenditures	420,500	420,500	421,235	(735)
REVENUES OVER (UNDER)				
EXPENDITURES	97,728	97,728	171,479	73,751
NET CHANGES IN FUND BALANCES	<u>\$ 97,728</u>	<u>\$ 97,728</u>	171,479	<u>\$ 73,751</u>
FUND BALANCES:				
Beginning of year			222,955	
End of year			<u>\$ 394,434</u>	