

City of Arvin

Arvin, California

Independent Auditors' Report and Basic Financial Statements

For the Year Ended June 30, 2016

Prepared By
Finance Department
of the City of Arvin



City of Arvin
Basic Financial Statements
For the Year Ended June 30, 2016

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City of Arvin
Basic Financial Statements
For the Year Ended June 30, 2016

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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, 2016, 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, 2016, 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.

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Emphasis of Matter

Financial Condition

As discussed in Note 15 to the Basic Financial Statements, the City's General Fund has suffered significant reductions in fund balances from its operations and is experiencing cash shortfall. As of June 30, 2016, the City's general fund had a negative cash balance in the amount of \$487,846 and unassigned fund balance in the amount of \$(371,913). Management's plans regarding those matters are also described in the Note 15. The basic financial statements do not include any adjustments that might result from the outcome of these uncertainties. Our opinion is not modified with respect to this matter.

Prior Period Adjustments

As discussed in Note 14 to the Basic Financial Statements, the prior period adjustments were resulted from a lawsuit settled in 2008 between the City and its developer. Our opinion is not modified with respect to this matter.

CalPERS Discount Rate

As discussed in Note 13 to the Basic Financial Statements, CalPERS approved to lower its discount rate assumption, the long-term rate of return, from 7.50 percent to 7.00 percent over the next three years. This will significantly increase the City's employer contributions costs and net pension liabilities beginning in fiscal year 2018-19. Our opinion is not modified with respect to this matter.

Improper Stewardship of Funds

As discussed in Note 3 and Note 15, due to the General Fund cash shortfall, cash was borrowed from Traffic Impact Fees Special Revenue Fund to pay for expenditures incurred by other funds. 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 84 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.

To the Honorable Mayor and Members of the City Council
of the City of Arvin
Arvin, California
Page 3

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The Combining and Individual Nonmajor Fund Financial Statements and the Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 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 the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Financial Statements and the Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual 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 7, 2017 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
August 7, 2017

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Arvin
Statement of Net Position
June 30, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and investments	\$ 7,505,225	\$ 1,858,072	\$ 9,363,297
Cash and investments with fiscal agents	-	952,119	952,119
Accounts receivables	1,165,427	564,622	1,730,049
Tax receivables	145,300	-	145,300
Due from Successor Agency	569,076	-	569,076
Prepaid expenses	29,020	21,298	50,318
Total current assets	9,414,048	3,396,111	12,810,159
Noncurrent assets:			
Notes receivable - Successor Agency	625,847	-	625,847
Capital assets:			
Nondepreciable	2,859,768	910,053	3,769,821
Depreciable, net	12,424,469	6,231,126	18,655,595
Total capital assets	15,284,237	7,141,179	22,425,416
Total noncurrent assets	15,910,084	7,141,179	23,051,263
Total assets	25,324,132	10,537,290	35,861,422
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows of resources	280,481	23,736	304,217
Total deferred outflows of resources	280,481	23,736	304,217

City of Arvin
Statement of Net Position (Continued)
June 30, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	560,061	2,937	562,998
Accrued payroll	446,629	13,777	460,406
Deposits	188,005	-	188,005
Retention payable	30,538	-	30,538
Due to other government	4,375	-	4,375
Unearned revenue	1,197,828	242,000	1,439,828
Compensated absences - due within one year	47,805	4,242	52,047
Long-term debt - due within one year	168,072	144,014	312,086
Total current liabilities	2,204,701	845,582	3,050,283
Noncurrent liabilities:			
Compensated absences - due in more than one year	191,221	16,967	208,188
Long-term debt - due in more than one year	4,832,819	4,292,353	9,125,172
Aggregate net pension liability (Note 8)	1,194,685	157,479	1,352,164
Total noncurrent liabilities	6,218,725	4,466,799	10,685,524
Total liabilities	8,423,426	5,312,381	13,735,807
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources	459,291	43,004	502,295
Total deferred inflows of resources	459,291	43,004	502,295
NET POSITION			
Net investment in capital assets	14,993,421	2,704,812	17,698,233
Restricted:			
Transportation	73,794	-	73,794
Public safety	311,189	-	311,189
Public works	140,505	-	140,505
Debt service	-	952,119	952,119
Total restricted	525,488	952,119	1,477,607
Unrestricted	1,202,987	1,548,710	2,751,697
Total net position	\$ 16,721,896	\$ 5,205,641	\$ 21,927,537

City of Arvin
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 2,152,662	\$ 175,624	\$ -	\$ -	\$ 175,624
Public safety	3,163,012	83,563	116,773	-	200,336
Public works	1,171,645	-	664,292	1,219,698	1,883,990
Community development	583,150	638,288	141,671	802,900	1,582,859
Interest and fiscal charges	94,028	-	-	-	-
Transit	-	-	-	22,380	22,380
Total governmental activities	<u>7,164,497</u>	<u>897,475</u>	<u>922,736</u>	<u>2,044,978</u>	<u>3,865,189</u>
Business-type activities:					
Transportation development	777,398	56,590	643,000	-	699,590
Sanitation	2,174,702	2,658,515	-	33,808	2,692,323
Total business-type activities	<u>2,952,100</u>	<u>2,715,105</u>	<u>643,000</u>	<u>33,808</u>	<u>3,391,913</u>
Total primary government	<u><u>\$ 10,116,597</u></u>	<u><u>\$ 3,612,580</u></u>	<u><u>\$ 1,565,736</u></u>	<u><u>\$ 2,078,786</u></u>	<u><u>\$ 7,257,102</u></u>

City of Arvin
Statement of Activities (Continued)
For the Year Ended June 30, 2016

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Primary government:			
Governmental activities:			
General government	\$ (1,977,038)	\$ -	\$ (1,977,038)
Public safety	(2,962,676)	-	(2,962,676)
Public works	712,345	-	712,345
Community development	999,709	-	999,709
Interest and fiscal charges	(94,028)	-	(94,028)
Transit	22,380	-	22,380
Total governmental activities	(3,299,308)	-	(3,299,308)
Business-type activities:			
Transportation development	-	(77,808)	(77,808)
Sanitation	-	517,621	517,621
Total business-type activities	-	439,813	439,813
Total primary government	(3,299,308)	439,813	(2,859,495)
 General Revenues and Transfers:			
General revenues:			
Taxes:			
Property taxes	187,178	-	187,178
Sales taxes	2,071,044	-	2,071,044
Franchise tax	677,570	-	677,570
Vehicle license fee in lieu tax	1,439,942	-	1,439,942
Other	42,302	-	42,302
Total taxes	4,418,036	-	4,418,036
Investment earnings	25,740	11,254	36,994
Revenue from use of money and property	56,789	-	56,789
Miscellaneous revenue	113,024	-	113,024
Total general revenues and transfers	4,613,589	11,254	4,624,843
Change in net position	1,314,281	451,067	1,765,348
 Net Position:			
Beginning of year, as restated (Note 14)	15,407,615	4,754,574	20,162,189
End of year	\$ 16,721,896	\$ 5,205,641	\$ 21,927,537

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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.

Jewett Square Development Capital Projects Fund - 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.

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City of Arvin
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds			Total Governmental Funds
	General	Capital Project Jewett Square Development	Non-major Governmental Funds	
ASSETS				
Cash and investments	\$ -	\$ 4,710,075	\$ 2,795,150	\$ 7,505,225
Accounts receivables	3,675	-	1,161,752	1,165,427
Tax receivables	145,300	-	-	145,300
Prepaid items	29,020	-	-	29,020
Due from other funds	524,781	-	994,944	1,519,725
Due from Successor Agency	569,076	-	-	569,076
Advances to Successor Agency	625,847	-	-	625,847
Total assets	\$ 1,897,699	\$ 4,710,075	\$ 4,951,846	\$ 11,559,620
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 441,211	\$ 30,613	\$ 88,237	\$ 560,061
Accrued payroll and benefits	369,767	-	76,862	446,629
Retention payable	7,503	-	23,035	30,538
Deposits	188,005	-	-	188,005
Due to other governments	4,375	-	-	4,375
Due to other funds	487,846	-	593,267	1,081,113
Unearned revenue	-	-	1,197,828	1,197,828
Total liabilities	1,498,707	30,613	1,979,229	3,508,549
Deferred Inflows of resources:				
Unavailable revenue	-	-	1,078,038	1,078,038
Total deferred inflows of resources	-	-	1,078,038	1,078,038
Fund Balances:				
Nonspendable	654,867	-	-	654,867
Assigned	116,038	-	-	116,038
Restricted	-	4,679,462	2,513,734	7,193,196
Unassigned (deficit)	(371,913)	-	(619,155)	(991,068)
Total fund balances	398,992	4,679,462	1,894,579	6,973,033
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,897,699	\$ 4,710,075	\$ 4,951,846	\$ 11,559,620

City of Arvin
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2016

Total Fund Balances - Total Governmental Funds	\$ 6,973,033
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	15,284,237
Total capital assets	15,284,237
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	(47,805)
Compensated absences - due in more than one year	(191,221)
Long-term debt - due within one year	(168,072)
Long-term debt - due in more than one year	(4,832,819)
Total long-term liabilities	(5,239,917)
Net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds.	
	(1,194,685)
Pension related deferred outflows of resources are not reported in the governmental funds but are reported in the government-wide financial statements.	
	280,481
Pension related deferred inflows of resources are not reported in the governmental funds but are reported in government-wide financial statements	
	(459,291)
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.	
	1,078,038
Net Position of Governmental Activities	\$ 16,721,896

City of Arvin
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	Major Funds			Total Governmental Funds
	General	Capital Project Jewett Square Development	Non-major Governmental Funds	
REVENUES:				
Property taxes and special assessments	\$ 187,178	\$ -	\$ 166,172	\$ 353,350
Property tax in lieu of VLF	1,439,942	-	-	1,439,942
Sales tax	2,071,044	-	-	2,071,044
Franchise tax	677,570	-	-	677,570
Vehicle license tax	41,870	-	-	41,870
Other taxes	432	-	-	432
Licenses, permits and fees	425,842	-	277,441	703,283
Fines, forfeitures and penalties	13,037	-	-	13,037
Investment income	25,740	80,764	272	106,776
Lease revenue	56,789	-	-	56,789
Intergovernmental	159,341	-	968,161	1,127,502
Charges for current services	149,922	-	-	149,922
Other	138,220	-	117,167	255,387
Total revenues	5,386,927	80,764	1,529,213	6,996,904
EXPENDITURES:				
Current:				
General government	1,962,206	37,500	162	1,999,868
Public safety	3,199,645	-	89,379	3,289,024
Public works	169,235	-	701,061	870,296
Planning/community development	498,776	12,291	56,446	567,513
Debt services:				
Principal retirement	3,072	-	-	3,072
Interest and fiscal charge	-	94,028	-	94,028
Capital outlay	460,038	229,392	843,343	1,532,773
Total expenditures	6,292,972	373,211	1,690,391	8,356,574
REVENUES OVER (UNDER) EXPENDITURES	(906,045)	(292,447)	(161,178)	(1,359,670)
OTHER FINANCING SOURCES (USES):				
Proceeds from long-term debt	-	4,995,000	-	4,995,000
Transfers in	116,111	-	279,194	395,305
Transfers out	(100,000)	-	(295,305)	(395,305)
Total other financing sources (uses)	16,111	4,995,000	(16,111)	4,995,000
NET CHANGE IN FUND BALANCES	(889,934)	4,702,553	(177,289)	3,635,330
FUND BALANCES:				
Beginning of year, as restated (Note 14)	1,288,926	(23,091)	2,071,868	3,337,703
End of year	\$ 398,992	\$ 4,679,462	\$ 1,894,579	\$ 6,973,033

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, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 3,635,330

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	\$	1,532,773	
Add: Capital contribution received		802,900	
Less: noncapitalized current expenditures		(39,601)	2,296,072

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. (474,249)

Long-term compensated absences expense was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. Therefore, the increase in long-term compensated absences was not reported as an expenditure in the governmental funds. (50,443)

Pension credit (expense), net of contribution made after measurement date reported as deferred outflows of resources in the Government-Wide Statement of Net Position but reported as pension expense in the governmental fund in the amount of \$242,624. 220,525

Proceeds from long-term debt provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of long-term debt was an expenditure in the governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.

Principal repayments of long-term debt		3,072	
Issuance of loans payable		(4,995,000)	(4,991,928)

Unavailable revenue is not recognized as revenue in the governmental funds since the revenue is not available to fund expenditures of the current year. 678,974

Change in Net Position of Governmental Activities **\$ 1,314,281**

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, 2016

	Major Funds		
	Transportation Development	Sanitation	Total
ASSETS			
Current assets:			
Cash and investments	\$ -	\$ 1,858,072	\$ 1,858,072
Cash with fiscal agent	-	952,119	952,119
Accounts receivable	564,622	-	564,622
Prepaid items	21,298	-	21,298
Total current assets	585,920	2,810,191	3,396,111
Noncurrent assets:			
Capital assets:			
Non-depreciable	-	910,053	910,053
Depreciable, net	123,625	6,107,501	6,231,126
Total capital assets	123,625	7,017,554	7,141,179
Total noncurrent assets	123,625	7,017,554	7,141,179
Total assets	709,545	9,827,745	10,537,290
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows of resources	23,736	-	23,736
Total deferred outflows of resources	23,736	-	23,736
LIABILITIES			
Current liabilities:			
Accounts payable	2,751	186	2,937
Accrued payroll and benefits	13,777	-	13,777
Unearned revenue	-	242,000	242,000
Due to other funds	438,612	-	438,612
Compensated absences - due within one year	4,242	-	4,242
Long-term debt - due within one year	-	144,014	144,014
Total current liabilities	459,382	386,200	845,582
Noncurrent liabilities:			
Compensated absences - due in more than one year	16,967	-	16,967
Long-term debt - due in more than one year	-	4,292,353	4,292,353
Aggregate net pension liability (Note 8)	157,479	-	157,479
Total noncurrent liabilities	174,446	4,292,353	4,466,799
Total liabilities	633,828	4,678,553	5,312,381
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources	43,004	-	43,004
Total deferred inflows of resources	43,004	-	43,004
NET POSITION			
Net investment in capital assets	123,625	2,581,187	2,704,812
Restricted	-	952,119	952,119
Unrestricted (deficit)	(67,176)	1,615,886	1,548,710
Total net position	\$ 56,449	\$ 5,149,192	\$ 5,205,641

City of Arvin
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Major Funds		
	Transportation Development	Sanitation	Total
OPERATING REVENUES:			
Charges for services	\$ 56,590	\$ 2,658,515	\$ 2,715,105
Total operating revenues	<u>56,590</u>	<u>2,658,515</u>	<u>2,715,105</u>
OPERATING EXPENSES:			
Salaries and benefits	410,617	1,729	412,346
Vehicle operations	138,454	-	138,454
Sanitation operations	-	1,379,178	1,379,178
General and administrative	110,245	289,492	399,737
Depreciation	118,082	254,574	372,656
Total operating expenses	<u>777,398</u>	<u>1,924,973</u>	<u>2,702,371</u>
OPERATING INCOME (LOSS)	<u>(720,808)</u>	<u>733,542</u>	<u>12,734</u>
NONOPERATING REVENUES (EXPENSES):			
Interest income	-	11,254	11,254
Interest expense	-	(249,729)	(249,729)
Intergovernmental	643,000	-	643,000
Total nonoperating revenues (expenses)	<u>643,000</u>	<u>(238,475)</u>	<u>404,525</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(77,808)</u>	<u>495,067</u>	<u>417,259</u>
CAPITAL CONTRIBUTION:			
Contributed capital	-	33,808	33,808
Total capital contribution	<u>-</u>	<u>33,808</u>	<u>33,808</u>
Change in net position	<u>(77,808)</u>	<u>528,875</u>	<u>451,067</u>
NET POSITION:			
Beginning of year, as restated (Note 14)	134,257	4,620,317	4,754,574
End of year	<u>\$ 56,449</u>	<u>\$ 5,149,192</u>	<u>\$ 5,205,641</u>

City of Arvin
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Major Funds		
	Transportation Development	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 97,603	\$ 2,658,515	\$ 2,756,118
Cash payments to suppliers for goods and services	(284,429)	(1,671,280)	(1,955,709)
Cash payments to employees for services	(417,640)	(1,729)	(419,369)
Net cash provided by (used in) operating activities	<u>(604,466)</u>	<u>985,506</u>	<u>381,040</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Subsidy from Local Transportation Fund	78,378	-	78,378
Interfund receipts	438,612	-	438,612
Net cash provided by (used in) noncapital financing activities	<u>516,990</u>	<u>-</u>	<u>516,990</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(3,310)	(248,880)	(252,190)
Principal reduction of debt	-	(136,275)	(136,275)
Interest expense	-	(249,729)	(249,729)
Net cash provided by (used in) capital and related financing activities	<u>(3,310)</u>	<u>(634,884)</u>	<u>(638,194)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	-	11,254	11,254
Net cash provided (used) by investing activities	<u>-</u>	<u>11,254</u>	<u>11,254</u>
Net increase (decrease) in cash and cash equivalents	(90,786)	361,876	271,090
CASH AND CASH EQUIVALENTS:			
Beginning of year	90,786	2,448,315	2,539,101
End of year	<u>\$ -</u>	<u>\$ 2,810,191</u>	<u>\$ 2,810,191</u>
RECONCILIATION TO STATEMENT OF NET POSITION:			
Cash and investments	\$ -	\$ 1,858,072	\$ 1,858,072
Restricted Cash and investments with fiscal agents	-	952,119	952,119
Total cash and cash equivalents	<u>\$ -</u>	<u>\$ 2,810,191</u>	<u>\$ 2,810,191</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Contributed Capital	<u>\$ -</u>	<u>\$ 33,808</u>	<u>\$ 33,808</u>

City of Arvin
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2016

	Major Funds		
	Transportation Development	Sanitation	Total
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED BY (USED IN)			
OPERATING ACTIVITIES:			
Operating income (loss)	\$ (720,808)	\$ 733,542	\$ 12,734
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	118,082	254,574	372,656
Changes in operating assets and liabilities:			
Accounts receivable	41,013	-	41,013
Prepaid items	(21,298)	-	(21,298)
Deferred outflows of resources related to pension	(2,438)	-	(2,438)
Accounts payable	(14,432)	(2,610)	(17,042)
Accrued payroll	2,180	-	2,180
Accrued compensated absences	2,700	-	2,700
Aggregate net pension liability	14,780	-	14,780
Deferred inflows of resources related to pension	(24,245)	-	(24,245)
Total adjustments	<u>116,342</u>	<u>251,964</u>	<u>368,306</u>
Net cash provided (used) by operating activities	<u><u>\$ (604,466)</u></u>	<u><u>\$ 985,506</u></u>	<u><u>\$ 381,040</u></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, 2016

	Successor Agency to the Arvin Community Redevelopment Agency Private-Purpose Trust Fund
ASSETS	
Cash and Investments	\$ 577,074
Cash and investments with fiscal agent	755,408
Land held for development	3,519,581
Capital assets:	
Nondepreciable	378,863
Depreciable, net	1,020,775
Total assets	6,251,701
LIABILITIES	
Accounts payable	11
Interest payable	154,948
Due to City of Arvin	569,076
Advances from City of Arvin	625,847
Long-term debt:	
Due within one year	182,788
Due in more than one year	7,895,245
Total liabilities	9,427,915
NET POSITION (DEFICIT)	
Unrestricted (deficit)	(3,176,214)
Total net position (deficit)	\$ (3,176,214)

City of Arvin
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	Successor Agency to the Arvin Community Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:	
Redevelopment Property Tax Trust Fund	\$ 790,748
Revenue from use of money and property	88
Total additions	790,836
DEDUCTIONS:	
Program expenses for redevelopment	10,306
Administrative expenses	32,278
Interest and fiscal agent expenses	478,485
Depreciation expense	32,085
Loss on land held for development	233,286
Total deductions	786,440
Change in net position	4,396
NET POSITION (DEFICIT):	
Beginning of year	(3,180,610)
End of year	\$ (3,176,214)

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Arvin
Index to Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

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City of Arvin
Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

Note 1 – Reporting Entity and Summary of Significant Accounting Policies

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 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 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, 2016

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. 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 aggregated non-major funds. An accompanying statement 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, 2016

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.

Jewett Square Development Capital Projects Fund – 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
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and 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. All cash and investments of proprietary funds are held in the City's investment pool. These cash pools have the general characteristics of a demand deposit account, therefore, all cash and investments in the proprietary funds are considered cash and cash equivalents for Statement of Cash Flows purposes.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

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

C. Cash, Cash Equivalents and Investments (Continued)

Investments are stated at fair value.

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. Fair Value Measurement

In accordance with GASB Statement No. 72, Fair Value Measurement and Application, defines fair value, establishes a framework for measuring fair value and establishes disclosure about fair value measurement. Investments, unless otherwise specified at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

- Level 1 - Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

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

F. 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.

G. 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. Pursuant to the State law dissolving all redevelopment agencies, the Successor Agency has created, and the State has approved, a long range plan for the sale and disposition of all property previously held by the Arvin Community Redevelopment Agency. These properties are reported at the lower of cost or estimated net realizable value. At June 30, 2016, the carrying amount for land held for development was \$3,519,581.

H. 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.”

I. 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

Gifts or contributions of capital assets are recorded at acquisition 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.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

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

J. Unearned Revenue

Unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues are prepaid charges for services, grants received but not yet earned, and prepaid charges for services.

K. 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.

L. Pension

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:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Measurement Period	July 1, 2014 to June 30, 2015

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.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

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

M. 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 liabilities. Consequently, long-term debt is shown as a reconciling item 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.

N. Net Position

In the government-wide financial statements and the proprietary fund financial statements, net position is classified as follows:

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 and deferred outflows of resources, 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.

O. Fund Balances

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

Nonspendable – Nonspendable fund balances are 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. Adoption of a resolution by the City Council is required to commit resources or to rescind the commitment.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

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

O. Fund Balances (Continued)

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

Unassigned – This amount is for any portion of the fund balances that do not fall into one of the above categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

P. 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 component of net position first, then the unrestricted component of net position as needed.

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

Q. 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.

Lien Date	January 1
Levy Date	June 30
Due Date	November 1 and February 1
Collection Dates	December 10 and April 10

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

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

R. 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.

S. Accounting Changes

GASB Statement No. 72, *Fair Value Measurement and Application* -This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement became effective for periods beginning after June 15, 2015 and did not have any measurement impact on the City’s investment portfolio, except for the additional disclosure regarding to the measurement input as discussed in 2C of the City’s financial statements for the year ended June 30, 2016.

GASB Statement No. 73, *Accounting and Financial reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* - This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans and Statement 68 for pension plans and pensions that are within their respective scopes. This statement became effective for periods beginning after June 15, 2015 and did not have a significant impact on the City’s financial statements for the year ended June 30, 2016.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*- This statement establishes standards relating to the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement became effective for periods beginning after June 15, 2015, and should be applied retroactively. This statement did not have a significant impact on the City’s financial statements for the year ended June 30, 2016.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*- This statement establishes standards relating accounting and financial reporting for certain external investment pools and pool participants. This statement became effective for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. This statement did not have a significant impact on the City’s financial statements for the year ended June 30, 2016.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

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, 2016.

	Government-Wide Statement of Net Position			Fiduciary Funds	
	Governmental Activities	Business-Type Activities	Total	Statement of Net Position	Total
Cash and investments	\$ 7,505,225	\$ 1,858,072	\$ 9,363,297	\$ 577,074	\$ 9,940,371
Cash and investments with fiscal agents	-	952,119	952,119	755,408	1,707,527
Total	<u>\$ 7,505,225</u>	<u>\$ 2,810,191</u>	<u>\$ 10,315,416</u>	<u>\$ 1,332,482</u>	<u>\$ 11,647,898</u>

Cash, cash equivalents and investments consisted of the following at June 30, 2016:

Demand Deposits	\$ 1,146,372
Investments	8,793,999
Cash and investments with fiscal agents	<u>1,707,527</u>
Total	<u>\$ 11,647,898</u>

A. Demand Deposits

At June 30, 2016, the carrying amount of the City's deposits was \$1,146,372 and the bank balances were \$1,574,489. 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 at all times equal at least 110% of the City's cash deposits, or may alternatively be secured by institutions pledging first trust mortgage notes having a market value equal to or greater than 150% of the City's total cash deposits. During the year ended June 30, 2016, deposits with Morgan Stanley in the amount of \$1,042,349 were not collateralized with pledged securities or first trust mortgage notes meeting these criteria. Although 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 did not waive the collateralization requirements with regard to the Morgan Stanley account.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Cash and Investments (Continued)

A. Demand 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 Bonds or Notes	5 years	None	10%
Municipal Bonds or Note	None	None	10%
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securitites	5 years	None	None
Repurchase Agreements	92 days	20%	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 Contracts	30 years	None	None
Certificate of Deposits	3 years	None	10
Mortgage Pass-Through Securities	None	None	None
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, 2016

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. Fair Value Measurement

At June 30, 2016, investments are reported at fair value. The following table presents the fair value measurements of investments on a recurring basis and the levels with GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2016:

Fair Value Measurement

Investment Type	Measurement Input			Total
	Level 1	Level 2	Level 3	
Local Agency Investment Fund ("LAIF")	\$ -	\$ 1,206,958	\$ -	\$ 1,206,958
Central San Joaquin Valley Risk Management Authority ("CSJVRMA") Investment Pool	-	1,119,668	-	1,119,668
Investment Trust of California ("CalTRUST")	-	6,467,374	-	6,467,374
Total	\$ -	\$ 8,794,000	\$ -	\$ 8,794,000

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Cash and Investments (Continued)

D. 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, 2016, the City’s investments had the following maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u> <u>1 year or less</u>
Local Agency Investment Fund ("LAIF")	\$ 1,206,958	\$ 1,206,958
Central San Joaquin Valley Risk Management Authority ("CSJVRMA") Investment Pool	1,119,668	1,119,668
Investment Trust of California ("CalTRUST") Investment Pool	6,467,374	6,467,374
Total	<u>\$ 8,794,000</u>	<u>\$ 8,794,000</u>

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

Credit Quality Distribution for Securities
with Credit Exposure as a Percentage of Total Investments

<u>Investment Type</u>	<u>Fair Value</u>	<u>Moody's Credit Rating</u>	<u>S&P's Credit Rating</u>	<u>% of Investments with Interest Rate Risk</u>
Local Agency Investment Fund	\$ 1,206,958	Not Rated	Not Rated	14%
Central San Joaquin Valley Risk Management Authority ("CSJVRMA") Investment Pool	1,119,668	Not Rated	Not Rated	13%
Investment Trust of California ("CalTRUST") Investment Pool	6,467,374	Not Rated	Not Rated	74%
Total	<u>\$ 8,794,000</u>			<u>100%</u>

Custodial Credit Risk – For deposits, custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer), 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.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Cash and Investments (Continued)

D. Risks Disclosures (Continued)

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>	<u>Percent</u>
Central San Joaquin Valley Risk Management Authority ("CSJVRMA") Investment Pool	External Investment Pool	\$ 1,119,668	12.7%
Investment Trust of California ("CalTRUST") Investment Pool	External Investment Pool	6,467,374	73.5%

E. Investment in Local Agency Investment Fund

The City’s investments with LAIF at June 30, 2016, 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, 2016, the City had \$1,206,958 invested in LAIF, which had invested 2.81% 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, 2016, 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, 2016.

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

The City invested in an investment pool account with the Central San Joaquin Valley Risk Management Authority (“CSJVRMA”). At June 30, 2016 this account was valued at \$1,119,668. The City received an average yield of 2.33% for the fiscal year ended June 30, 2016 on this investment.

G. Investment in Investment Trust of California Investment Pool

The City invested in an investment pool account with Investment Trust of California (“CalTrust”). At June 30, 2016, this account was valued at \$6,467,374. The City received an average yield of 1.01% and 0.73% for investment in medium term and short term funds respectively for the fiscal year ended June 30, 2016.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Cash and Investments (Continued)

H. Cash and Investment with Fiscal Agents

At June 30, 2016, cash and investments with fiscal agents were as follows:

	<u>Funds Held By</u>	
Business-Type Activities:		
Sanitation Fund		
Deposits Veolia Water Operating Account	\$ 952,119	Union Bank of California
Fiduciary Fund Financial Statements:		
Successor Agency Fund		
Tax Allocation Bonds 2005 Series	408,626	Wells Fargo Bank
Tax Allocation Bonds 2008 Series	346,782	Wells Fargo Bank
Total cash and investments with fiscal agents	<u>\$ 1,707,527</u>	

Note 3 – Interfund Balances and Transactions

Due to/Due from other funds

At June 30, 2016, the City had the following short-term interfund receivables and payables:

<u>Due to other funds</u>	<u>Due from other funds</u>		<u>Total</u>
	General Fund	Nonmajor Governmental Fund	
Governmental Funds:			
General Fund	\$ -	\$ 487,846	\$ 487,846
Nonmajor Governmental Funds	524,781	68,486	593,267
Proprietary Fund			
Transportation Development	-	438,612	438,612
Total	<u>\$ 524,781</u>	<u>\$ 994,944</u>	<u>\$ 1,519,725</u>

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.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 3 – Interfund Balances and Transactions (Continued)

Transfers In/Out

For the year ended June 30, 2016, transfers in and out consisted of the followings:

Transfers in			
Governmental Funds			
Transfers out	General Fund	Nonmajor Governmental Fund	Total
General Fund	\$ -	\$ 100,000	\$ 100,000
Nonmajor Governmental Fund	116,111	179,194	295,305
Total	\$ 116,111	\$ 279,194	\$ 395,305

With Council approval, resources may be transferred from one City fund to another. The purposes of these transfers are to supplement operating shortfall and to close funds.

Note 4 – Interfund Transactions with the Successor Agency

Due from Successor Agency

During the year ended June 30, 2015, the Successor Agency borrowed \$569,076 from General Fund to pay its debt service obligations and maintain reserve requirements for 2005 and 2008 Tax Allocation Bonds. It is reported as due from Successor Agency under General Fund and due to the City of Arvin under Successor Agency. The amount will be repaid when the Successor Agency receives ROPS payments.

Advances 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 ("ROPS"). The General Fund has loaned a cumulative amount of \$551,675 to the Successor Agency to fund operating expenses. At June 30, 2016, total principal and interest outstanding was \$625,847. 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.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 5 – Capital Assets

A. Government-Wide Financial Statements

Summary of changes in capital assets for governmental activities for the year ended June 30, 2016 are as follows:

	Balance July 1, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
Governmental Activities:					
Capital assets, not being depreciated					
Land	\$ 234,035	\$ -	\$ -	-	\$ 234,035
Construction in progress	2,117,659	1,459,730	-	(951,656)	2,625,733
Total capital assets, not being depreciated	<u>2,351,694</u>	<u>1,459,730</u>	<u>-</u>	<u>(951,656)</u>	<u>2,859,768</u>
Capital assets, being depreciated					
Building and improvements	5,151,858	-	-	-	5,151,858
Machinery and equipment	1,566,449	33,442	-	-	1,599,891
Automotive equipment	1,783,190	-	-	-	1,783,190
Infrastructure	8,148,089	802,900	-	951,656	9,902,645
Total capital assets, being depreciated	<u>16,649,586</u>	<u>836,342</u>	<u>-</u>	<u>951,656</u>	<u>18,437,584</u>
Accumulated depreciation:					
Building and improvements	(2,036,152)	(125,144)	-	-	(2,161,296)
Machinery and equipment	(1,280,070)	(48,175)	-	-	(1,328,245)
Automotive equipment	(1,551,751)	(76,348)	-	-	(1,628,099)
Infrastructure	(670,893)	(224,582)	-	-	(895,475)
Total accumulated depreciation	<u>(5,538,866)</u>	<u>(474,249)</u>	<u>-</u>	<u>-</u>	<u>(6,013,115)</u>
Total capital assets, being depreciated, net	<u>11,110,720</u>	<u>362,093</u>	<u>-</u>	<u>951,656</u>	<u>12,424,469</u>
Total capital assets, net	<u>\$ 13,462,414</u>	<u>\$ 1,821,823</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,284,237</u>

Depreciation expense was charged to functions/programs as follows:

General government	\$ 118,476
Public safety	63,070
Public works	277,066
Community development	15,637
Total depreciation expenses	<u><u>\$ 474,249</u></u>

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

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, 2016 are as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Business-Type Activities:				
Capital assets, not being depreciated				
Land	\$ 906,245	\$ 3,808	\$ -	910,053
Total capital assets, not being depreciated	<u>906,245</u>	<u>3,808</u>	<u>-</u>	<u>910,053</u>
Capital assets, being depreciated				
Building and improvements	4,216,103	-	-	4,216,103
Machinery and equipment	123,779	-	-	123,779
Automotive equipment	909,156	-	-	909,156
Infrastructure	5,918,094	282,190	-	6,200,284
Total capital assets, being depreciated	<u>11,167,132</u>	<u>282,190</u>	<u>-</u>	<u>11,449,322</u>
Accumulated depreciation:				
Building and improvements	(1,986,327)	(102,982)	-	(2,089,309)
Machinery and equipment	(89,170)	(10,187)	-	(99,357)
Automotive equipment	(705,369)	(107,894)	-	(813,263)
Infrastructure	(2,064,674)	(151,593)	-	(2,216,267)
Total accumulated depreciation	<u>(4,845,540)</u>	<u>(372,656)</u>	<u>-</u>	<u>(5,218,196)</u>
Total capital assets, being depreciated, net	<u>6,321,592</u>	<u>(90,466)</u>	<u>-</u>	<u>6,231,126</u>
Total capital assets, net	<u>\$ 7,227,837</u>	<u>\$ (86,658)</u>	<u>\$ -</u>	<u>\$ 7,141,179</u>

Depreciation expenses for business-type activities for the year ended June 30, 2016 are as follows:

Transportation Development	\$ 118,082
Sanitation	<u>254,574</u>
Total depreciation expenses	<u><u>\$ 372,656</u></u>

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

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, 2016 are as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
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	(89,167)	(12,380)	-	(101,547)
Infrastructure	(124,021)	(19,705)	-	(143,726)
Vehicles	(226,699)	-	-	(226,699)
Total accumulated depreciation	<u>(439,887)</u>	<u>(32,085)</u>	<u>-</u>	<u>(471,972)</u>
Total capital assets, being depreciated, net	<u>1,052,860</u>	<u>(32,085)</u>	<u>-</u>	<u>1,020,775</u>
Total capital assets, net	<u>\$ 1,431,723</u>	<u>\$ (32,085)</u>	<u>\$ -</u>	<u>\$ 1,399,638</u>

Depreciation expenses for fiduciary activities for the year ended June 30, 2016 was \$32,085.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Long-Term Debt

A. Governmental Activities

Summary of changes in governmental activities long-term debt for the year ended June 30, 2016 are as follows:

	Balance			Amount		
	July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year	Due In More Than One Year
North Bakersfield Toyota	\$ 8,963	\$ -	\$ (3,072)	\$ 5,891	\$ 3,072	\$ 2,819
Jewett Square Lease Financing Agreement	-	4,995,000	-	4,995,000	165,000	4,830,000
Total	\$ 8,963	\$ 4,995,000	\$ (3,072)	\$ 5,000,891	\$ 168,072	\$ 4,832,819

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, 2016 was \$5,891.

The annual debt service requirements on the loan outstanding at June 30, 2016, were as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 3,072	\$ -	\$ 3,072
2018	2,819	-	2,819
Total	\$ 5,891	\$ -	\$ 5,891

The cost of the vehicle was \$35,363 and the accumulated depreciation at June 30, 2016 was \$28,290.

Jewett Square Lease Financing Agreement – Original Loan \$4,995,000

On December 9, 2015, the City executed a loan agreement with TPB Investments, Inc., a wholly owned subsidiary of Western Alliance Bank 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%.

The annual debt service requirements on the lease financing agreement outstanding at June 30, 2016, were as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 165,000	\$ 192,430	\$ 357,430
2018	175,000	190,302	365,302
2019	180,000	183,407	363,407
2020	190,000	176,315	366,315
2021	195,000	168,829	363,829
2022-2026	1,110,000	721,611	1,831,611
2027-2031	1,350,000	484,620	1,834,620
2032-2036	1,630,000	197,591	1,827,591
Total	\$ 4,995,000	\$ 2,315,105	\$ 7,310,105

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Long-Term Debt (Continued)

B. Business-Type Activities

Summary of changes in business-type activities long-term debt for the year ended June 30, 2016 are as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Amount Due Within One Year	Amount Due In More Than One Year
Contract Obligations with Veolia Water North American Operating Services, LLC	\$ 4,572,642	\$ -	\$ (136,275)	\$ 4,436,367	\$ 144,014	\$ 4,292,353
Total	<u>\$ 4,572,642</u>	<u>\$ -</u>	<u>\$ (136,275)</u>	<u>\$ 4,436,367</u>	<u>\$ 144,014</u>	<u>\$ 4,292,353</u>

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. The note was refunded by 2016 Wastewater Revenue Refunding Note in December 2016 (See Note 14).

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	-

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 6 – Long-Term Debt (Continued)

C. Fiduciary Funds

Summary of changes in fiduciary funds long-term debt for the year ended June 30, 2016 are as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Amount Due Within One Year	Amount Due In More Than One Year
2005 Tax Allocation Bonds	\$ 5,175,000	\$ -	\$ (145,000)	\$ 5,030,000	\$ 155,000	\$ 4,875,000
2008 Tax Allocation Bonds	3,335,000	-	(40,000)	3,295,000	40,000	3,255,000
Total Tax Allocation Bonds	8,510,000	-	(185,000)	8,325,000	195,000	8,130,000
Less deferred amounts:						
Bond discounts	(259,179)	-	12,212	(246,967)	(12,212)	(234,755)
Total deferred amounts	(259,179)	-	12,212	(246,967)	(12,212)	(234,755)
Total	\$ 8,250,821	\$ -	\$ (172,788)	\$ 8,078,033	\$ 182,788	\$ 7,895,245

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, 2016 were \$5,030,000.

The annual debt service requirements on the loan outstanding at June 30, 2016, were as follows:

Year Ending June 30,	Principal	Interest	Total
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	185,000	217,531	402,531
2022-2026	1,075,000	936,313	2,011,313
2027-2031	1,360,000	629,606	1,989,606
2032-2036	1,750,000	232,931	1,982,931
Total	\$ 5,030,000	\$ 2,967,198	\$ 7,997,198

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

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, 2016 were \$3,295,000.

The annual debt service requirements on the loan outstanding at June 30, 2016, were as follows:

Year Ending June 30,	Principal	Interest	Total
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	50,000	200,850	250,850
2022-2026	310,000	948,025	1,258,025
2027-2031	425,000	829,563	1,254,563
2032-2036	590,000	666,250	1,256,250
2037-2039	1,740,000	174,200	1,914,200
Total	<u>\$ 3,295,000</u>	<u>\$ 3,649,414</u>	<u>\$ 6,944,414</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 2016 was \$790,748. Total debt service of all Tax Allocation Bonds paid was \$654,133, 84.3% 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, 2016

Note 7 – Compensated Absences

Summary of changes in compensated absences for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Amount Due Within One Year	Amount Due in More Than One Year
Governmental Activities	\$ 188,583	\$ 132,795	\$ (82,352)	\$ 239,026	\$ 47,805	\$ 191,221
Business-Type Activities	18,509	9,965	(7,265)	21,209	4,242	16,967
Total	<u>\$ 207,092</u>	<u>\$ 142,760</u>	<u>\$ (89,617)</u>	<u>\$ 260,235</u>	<u>\$ 52,047</u>	<u>\$ 208,188</u>

The City's liability for vested and unpaid compensated absences (accrued vacation) has been accrued and totaled to \$239,026 for governmental activities and \$21,209 for business-type activities at June 30, 2016. 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, 2016

Note 8 – Retirement Plans

Governmental Activities	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources:			
Pension contribution after measurement date:			
Miscellaneous	\$ 83,929	\$ 22,568	106,497
Safety	158,695	-	158,695
Total pension contribution after measurement date	242,624	22,568	265,192
Difference between expected and actual experience			
Miscellaneous	4,344	1,168	5,512
Difference between City's contribution and proportionate share of contribution:			
Safety	33,513	-	33,513
Total deferred outflows of resources	\$ 280,481	\$ 23,736	\$ 304,217
Net pension liabilities:			
Miscellaneous	\$ 585,699	\$ 157,479	743,178
Safety	608,986	-	608,986
Total net pension liabilities	\$ 1,194,685	\$ 157,479	\$ 1,352,164
Deferred inflows of Resources:			
Change in assumption			
Miscellaneous	\$ 41,102	\$ 11,052	52,154
Safety	93,473	-	93,473
Total change in assumption	134,575	11,052	145,627
Difference between expected and actual experience			
Safety	20,323	-	20,323
Difference in projected and actual earnings on pension investments:			
Miscellaneous	20,609	5,537	26,146
Safety	47,372	-	47,372
Total difference in projected and actual earnings on pension investments:	67,981	5,537	73,518
Difference between City's contribution and proportionate share of contribution:			
Miscellaneous	44,520	12,321	56,841
Adjustment due to difference in proportion			
Miscellaneous	53,787	14,094	67,881
Safety	138,105	-	138,105
Total adjustment due to difference in proportion	191,892	14,094	205,986
Deferred inflows of Resources:	\$ 459,291	\$ 43,004	\$ 502,295
Pension Expense (Credit)			
Miscellaneous	43,619	10,665	54,284
Safety	(21,520)	-	(21,520)
Pension Expense	\$ 22,099	\$ 10,665	\$ 32,764

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

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 valuation date of June 30, 2014, the following employees were covered by the benefit terms:

	Plans			
	Miscellaneous		Safety	
	Classic	PEPRA	Classic	PEPRA
Active employees	21	6	15	5
Transferred and terminated employees	31	1	33	-
Retired Employees and Beneficiaries	23	-	15	-
Total	75	7	63	5

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.

A participant is eligible for non-industrial disability retirement if he or she 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, 2016

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 periods ended June 30, 2015 (the measurement date), the contribution rates were as follows:

Measurement Period Ended June 30, 2015		
Plans	Active Employee Contribution Rate	Employer Contribution Rate
Miscellaneous Classic	7.000%	8.003%
Miscellaneous PEPRA	6.250%	6.237%
Safety Classic	7.000%	11.530%
Safety PEPRA	9.500%	9.069%

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

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, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2015 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	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment; includes Inflation
Mortality Rate Table1	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, 2014 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.

Change of Assumption

In accordance with GASB 68, the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.50% (net of administrative expense in 2014) to 7.65% for the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

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)

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. 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. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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. The target allocation shown was adopted by the Board effective on July 1, 2014.

<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	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Absolute Return Strategy	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
	<u>100%</u>		

¹An expected inflation of 2.5% used for Year 1-10

²An expected inflation of 3.0% used for Year 11+

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Retirement Plans (Continued)

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

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 7.65%, 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 (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

Plans	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	(6.65%)	Rate (7.65%)	(8.65%)
Miscellaneous	\$ 1,246,361	\$ 743,178	\$ 327,742
Safety	\$ 976,414	\$ 608,986	\$ 307,702

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.

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 Plan			
Balance at: 6/30/14 (Valuation date)	\$ 4,856,044	\$ 4,182,609	\$ 673,435
Balance at: 6/30/15 (Measurement date)	\$ 4,993,831	\$ 4,250,653	\$ 743,178
Net Changes during 2014-2015	\$ 137,787	\$ 68,044	\$ 69,743
Safety Plan			
Balance at: 6/30/14 (Valuation date)	\$ 4,465,651	\$ 3,709,113	\$ 756,538
Balance at: 6/30/15 (Measurement date)	\$ 4,674,356	\$ 4,065,370	\$ 608,986
Net Changes during 2014-2015	\$ 208,705	\$ 356,257	\$ (147,552)

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

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.

- (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, 2014). 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, 2015). 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, 2015 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2014-15).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan's share of the actuarial accrued liability. FNP is allocated based on the rate plan's share of the market value assets.
- (4) 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.
- (5) 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.
- (6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense are allocated based on the City's share of contribution during the measurement period.

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

	Plans	
	Miscellaneous	Safety
June 30, 2014	0.010823%	0.012158%
June 30, 2015	0.010827%	0.008872%
Change - Increase (Decrease)	0.021650%	0.021030%

For the year ended June 30, 2016, the City recognized pension expense (credit) in the amounts of \$54,284 and \$(21,520) for the miscellaneous and safety plans, respectively.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Retirement Plans (Continued)

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

Deferred Outflows and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous		
	Deferred outflows of Resources	Deferred inflows of Resources
Changes of assumptions	\$ -	\$ (52,154)
Difference between expected and actual experience	5,512	-
Difference between projected and actual earning on pension plan investments	-	(26,146)
Adjustment due to differences in proportions	-	(67,881)
Difference between City contributions and proportionate share of contributions	-	(56,841)
Total	\$ 5,512	\$ (203,022)
Safety		
	Deferred outflows of Resources	Deferred inflows of Resources
Changes of assumptions	\$ -	\$ (93,473)
Difference between expected and actual experience	-	(20,323)
Difference between projected and actual earning on pension plan investments	-	(47,372)
Adjustment due to differences in proportions	-	(138,105)
Difference between City contributions and proportionate share of contributions	33,513	-
Total	\$ 33,513	\$ (299,273)

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 8 – Retirement Plans (Continued)

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

Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

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 2014-15 measurement period is 3.8 years, which was obtained by dividing the total service years of 467,023 (the sum of remaining service lifetimes of the active employees) by 122,410 (the total number of participants: active, inactive, and retired).

\$106,497 and \$158,695 reported as deferred outflows of resources related to pensions for miscellaneous plan and safety plan, respectively, resulting from the City’s contributions made subsequent to the measurement date. It will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Year Ended June 30,	Deferred Outflows/ (Inflows) of Resources	
	Miscellaneous	Safety
2016	\$ (82,375)	\$ (117,354)
2017	(81,636)	(115,012)
2018	(66,919)	(91,546)
2019	33,420	58,152
2020	-	-
Thereafter	-	-
	<u>\$ (197,510)</u>	<u>\$ (265,760)</u>

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

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, 2016, are presented below:

Total assets	\$ 92,743,162
Total liabilities	<u>\$ 77,308,330</u>
Total equities	<u>\$ 15,434,832</u>
Total revenues	<u>\$ 40,220,653</u>
Total expenses	<u>\$ 37,742,471</u>
Revenues over (under) expenses	<u>\$ 2,478,182</u>

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 10 – Other Required Disclosures

At June 30, 2016, the following funds had deficit net position/fund balance:

Fund Type	Funds	Deficit
Special Revenue Fund	CMAQ Grant	\$ (362)
Special Revenue Fund	Transportation Development Act (Non-Transit)	\$ (57,169)
Special Revenue Fund	Community Development Block Grant	(24,670)
Special Revenue Fund	Traffic HSIP Derby Signal Light	(4,714)
Special Revenue Fund	Sycamore Road Flood Reduction	(543)
Special Revenue Fund	Federal Police Grant	(1,427)
Special Revenue Fund	Prop 84 Park	(131,762)
Special Revenue Fund	Safe Route to School	(397,500)
Special Revenue Fund	PTMISEA Fence Grant	(1,008)
Fiduciary Fund	Successor Agency Private Purpose Trust Fund	(3,176,214)

The City expects to eliminate the deficit for the special revenue funds and the Transportation Fund through transfers from other funds and recognition of unavailable revenues in future years.

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

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 11 – Classification of Fund Balances

At June 30, 2016, fund balances are classified as follows:

	Major Funds			Total
	General Fund	Capital Project Jewett Square Development Fund	Non-Major Governmental Funds	
Nonspendable:				
Prepaid items	\$ 29,020	\$ -	\$ -	\$ 29,020
Advances to Successor Agency	625,847	-	-	625,847
Total nonspendable	654,867	-	-	654,867
Assigned:				
JARC Capital Grant	116,038	-	-	116,038
Total assigned	116,038	-	-	116,038
Restricted:				
Jewett Square development	-	4,679,462	-	4,679,462
TEA	-	-	73,794	73,794
LLMD District	-	-	140,505	140,505
Traffic offenders law enforcement	-	-	6,111	6,111
Prop 1B traffic signal and security	-	-	305,078	305,078
Park fees	-	-	330,865	330,865
AB109	-	-	11,093	11,093
State gas tax	-	-	195,376	195,376
Traffic impact fees	-	-	1,194,995	1,194,995
RSTP	-	-	255,917	255,917
Total restricted	-	4,679,462	2,513,734	7,193,196
Unassigned	(371,913)	-	(619,155)	(991,068)
Total fund balances	\$ 398,992	\$ 4,679,462	\$ 1,894,579	\$ 6,973,033

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 12 – Commitments and Contingencies

Pending 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, 2016 was \$952,119. 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, 2016

Note 13 – Subsequent Events

Facility Lease on Wastewater Treatment Plant

On December 8, 2016, the City paid off the loan with Veolia and executed a loan agreement in the amount of \$4,472,712 relating to the facility lease for the Waste Water Treatment Plant with Western Alliance Bank. The term of the placement is 20 years, commencing on December 8, 2016 through December 8, 2036, at an interest rate of 3.68%.

Financing Lease on Police Vehicles

On January 27, 2017, the City executed a lease agreement in the amount of \$190,744 relating to the financing purchase of 4 police vehicles over a 4 year lease. The financing lease bears an interest rate of 5.20%. These vehicles will replace 4 high-mileage vehicles in the fleet. These vehicles will be funded through Measure L.

Development Agreement on Land Held for Resell

On July 19, 2016, the City entered into a Disposition and Development Agreement (“DDA”) with Jhaj & Brar Investment Inc. (“Developer”) for sale and development of three parcels (APNs 190-130-14, 190-130-15, and 190-130-27). The sale price for these parcels was \$99,000. The sale of these parcels is consistent with the Successor Agency’s approved Long Range Property Management Plan.

Settlement Agreement with K. Hovnanian at Cielo, LLC

On November 1, 2016, the City entered into the Third Amendment to Development Agreement with K. Hovnanian at Cielo, LLC, a California limited liability company (“KHAC”). The City shall provide KHAC with a credit of Four Hundred and Seventy Six Thousand Dollars (\$476,000) (the “Credit”) due to the lawsuit settled in 2008 related any developers that owned any property in Tract No. 5816. The discovery of the 2008 agreement resulted in the prior period adjustments in both Governmental Activities and Enterprise Activities. See Note 14 for details.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 13 – Subsequent Events (Continued)

CalPERS Discount Rate

At December 21, 2016, the CalPERS Board of Administration (the “Board”) approved lowering the CalPERS discount rate assumption, the long-term rate of return, from 7.50 percent to 7.00 percent over the next three years. This will increase the City’s employer contribution costs beginning in fiscal year 2018-19. The phase in of the discount rate change approved by the board for the next three fiscal years is as follows.

Valuation Date	Fiscal Year for Requirement Contribution Rate	Discount Rate
June 30, 2016	2018-19	7.375%
June 30, 2017	2019-20	7.250%
June 30, 2018	2020-21	7.000%

Lowering the discount rate means plans will see increases in both normal costs, the cost of pension benefits accruing in one year for active members and the accrued liabilities. These increases will result in higher required employer contribution. The actual impact cannot be determined but the required employer contribution is expected to be significantly higher as well as the net pension liabilities.

Note 14 – Prior Period Adjustments

A. Government-Wide Financial Statements

The net position at July 1, 2015 for Governmental Activities and the Business-Type Activities were restated as following:

	Governmental Activities	Business-Type Activities	Total
Net Position at July 1, 2015	\$ 15,641,615	\$ 4,996,574	\$ 20,638,189
Developer fees	(234,000)	(242,000)	(476,000)
Subtotal	(234,000)	(242,000)	(476,000)
Net Position at July 1, 2015, as Restated	\$ 15,407,615	\$ 4,754,574	\$ 20,162,189

The restatements were related to a lawsuit settled in 2008 between the City and its developer. The City settled the lawsuit and the impact fees collected should not have been recognized as revenue.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 14 – Prior Period Adjustments (Continued)

B. Fund Financial Statements

Governmental Funds

The fund balances at July 1, 2015 for Governmental Funds were restated as following:

	Nonmajor Governmental		Total Governmental Fund
	Traffic Impact Fees Special Revenue Fund	Park Fees Special Revenue Fund	
	Fund Balance at July 1, 2015 as previously reported	\$ 1,157,199	
Developer fees	(238,000)	4,000	(234,000)
Fund Balance at June 30, 2015, as restated	919,199	283,494	3,337,703

The restatements were related to a lawsuit settled in 2008 between the City and its developer. The City settled the lawsuit and the impact fees collected should not have been recognized as revenue.

Proprietary Fund

The net position at July 1, 2015 for Sanitation Proprietary Fund was restated as following:

	Sanitation Proprietary Fund
Net Position at July 1, 2015 as previously reported	\$ 4,862,317
Developer fees	(242,000)
Net Position at June 30, 2015, as restated	4,620,317

The restatements were related to a lawsuit settled in 2008 between the City and its developer. The City settled the lawsuit and the impact fees collected should not have been recognized as revenue.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 15 – Financial Condition

The Government-Wide Financial Statements describe the City’s financial condition as though it were a single entity instead of a group of separate funds (the Fund Financial Statements describe the various funds’ individual and separate financial conditions). These two financial statement viewpoints are described more fully in Note 1.B.

Government-Wide Financial Condition

One measure of financial condition is an entity’s net working capital (defined as the excess of current assets over liabilities). The City’s net working capital for fiscal year 2015/16 is compared with fiscal year 2014/15 below:

	Fiscal Year 2015/16		Fiscal Year 2014/15	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Current assets	\$ 9,414,048	\$ 3,396,111	\$ 6,374,584	\$ 2,580,114
Current liabilities	(2,204,701)	(845,582)	(3,639,529)	(171,553)
Working capital	\$ 7,209,347	\$ 2,550,529	\$ 2,735,055	\$ 2,408,561

The City received a \$4.9 million loan relating to the Jewett Square project towards the end of the fiscal year so that most of the loan proceeds were unspent in cash at June 30, 2016. The loan is a long-term obligation so this significantly increased governmental activities working capital. Most of these proceeds are expected to be spent on the capital project during fiscal year 2016/17.

Net position for the Governmental and Business-Type Activities increased during the fiscal year by \$1,314,281 and \$451,067, respectively. Governmental Activities expenditures increased to \$7.2 million from \$6.2 million during fiscal year 2014/15. Much of the increase occurred due to the addition of staff and increased professional service expenditures. Business-Type Activities operating expenses decreased primarily due to reduced costs in operating the waste water treatment plant and the sewer collection system.

Select Individual Funds’ Financial Condition

The City Council has discretion to set service levels which then drives the expenditure levels needed to achieve those service levels. Employee salary and benefits constitute the largest operating cost related to providing traditional government services such as public safety, infrastructure maintenance and operation, community development, and general government administration. The City Council has significant discretion over these costs, but their discretion is limited during periods covered by consummated labor agreements. Typically, the City periodically renegotiates its labor agreements which is when changes can be made to the terms and conditions (including salary and benefit packages). To the extent necessary, the City Council can adjust future budgets to deal with any temporary or structural financial issues.

The most significant perpetual operating funds are the General Fund, Gas Tax Fund, Transportation Development Act (TDA) funds (both transit related and for streets and roads maintenance), various impact fee funds, and the Sanitation (sewer) fund. The financial condition as of June 30, 2016 for each of these will be discussed in turn below.

City of Arvin
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 15 – Financial Condition (Continued)

General Fund: The fund ended the year with its expenditures and net transfers exceeding revenues by about \$890,000. Revenues were slightly less (\$91,000) than budget. Expenditures increased from \$5.5 million in fiscal year 2014/15 to \$6.3 million in fiscal year 2016/17. These increases primarily relate to additional staffing, increased professional services, and department head recruitment expenditures.

The General Fund borrowed about \$500,000 from other funds to cover cash shortfalls. Much of the General Fund's cash was used to cover other fund's expenditures while awaiting grant reimbursements. For example, although the City expects to recover about \$500,000 in TDA streets and road funds related to street repairs, the amounts are not expected to be received for an extended time so were not available. So, for the time being this cash must be temporarily loaned from other funds (such as the General Fund) to eliminate cash deficits in the TDA fund.

A majority of the City's Council financial attention is directed towards the General Fund. The City Council and City Manager will implement improved financial projecting methods and will be adjusting the General Fund Budget to bring the spending back into a slight surplus (to accumulate cash). The City Council's goal is for the General Fund to maintain an available reserve of about 25% of operating expenditures and cash. The City Manager has been tasked with restoring reserves to these levels.

The General Fund has also advanced funds to the Successor Agency (post-RDA dissolution entity) for the former RDA expenditures. The General Fund has requested reimbursement of these resources (about \$569,000) through the State of California's Recognized Obligations Payments Schedule (the "ROPS") program and expects to be repaid when tax increments are available to the County of Kern.

Gas Tax Fund: Despite spending \$580,000, compared to fiscal year gas tax revenues of \$381,000, the gas tax fund ended the year with a positive cash balance of about \$257,000 and a \$195,000 positive fund balance.

Transportation Development Act (both transit and streets and roads) Funds: These funds needed to temporarily borrow cash from other funds because reimbursements for fiscal year 2015/16 were not submitted until after the end of the fiscal year. The total expected reimbursements are about \$560,000 (transit claim) and \$480,000 (streets and roads claim). City management recognizes the need to more proactively make claims to accelerate the cash receipts.

Impact Fee Funds: The major impact fee funds (traffic, parks, and sewer connections) were all relatively quiet during the fiscal year with none of them making major expenditures. Due to the settlement of litigation (See Note 14 for details) these funds are expected to incur costs in the next few years, but those costs are not yet quantified. The Traffic Impact Fee (TIF) fund made a temporary overnight loan at June 30, 2016 of about \$1.0 million to other funds experiencing temporary cash deficits. These temporary interfund loans are reflected in "due from other funds" (see TIF) and "due to other funds" (various). The General Fund both made advanced and borrowed from other funds with a net effect to that fund of about \$100,000 owed it.

City management is reviewing its cash projecting techniques regarding capital grant funded projects to reduce periods of cash deficiency. Implementing such improved project management techniques should greatly reduce or eliminate the need for interfund borrowing in the future.

Sanitation Fund: This fund ended the fiscal year with over \$2.8 million in cash (about \$952,000 restricted to the contract with Veolia, who operates the waste water treatment plant). The fund generated a net increase in cash of about \$362,000 on net income before transfers of \$495,000. Operating income was a positive \$733,500. City Management and the City Council expect to continue the successful operations of this fund by continuing to monitor the adequacy of fee revenues and to seek and take advantage of opportunities for cost reduction.

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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, 2016

Budget Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes	\$ 244,500	\$ 244,500	\$ 187,178	\$ (57,322)
Property taxes in lieu of VLF	1,362,000	1,362,000	1,439,942	77,942
Sales tax	1,690,000	1,690,000	2,071,044	381,044
Franchise tax	690,000	690,000	677,570	(12,430)
Vehicle license tax	243,798	243,798	41,870	(201,928)
Other taxes	420	420	432	12
Licenses, permits and fees	538,001	438,001	425,842	(12,159)
Fines, forfeitures and penalties	26,621	26,621	13,037	(13,584)
Investment income	2,000	2,000	25,740	23,740
Lease revenue	50,700	50,700	56,789	6,089
Intergovernmental	206,906	206,906	159,341	(47,565)
Charges for current services	247,877	247,877	149,922	(97,955)
Other	275,272	275,272	138,220	(137,052)
Total revenues	<u>5,578,095</u>	<u>5,478,095</u>	<u>5,386,927</u>	<u>(91,168)</u>
EXPENDITURES:				
Current:				
General government	1,451,631	1,953,017	1,962,206	(9,189)
Public safety	3,279,532	3,279,532	3,199,645	79,887
Public works	233,760	214,540	169,235	45,305
Planning/community development	367,341	480,000	498,776	(18,776)
Capital Outlay	20,500	490,000	460,038	29,962
Debt services:				
Principal retirement	2,900	3,100	3,072	28
Total expenditures	<u>5,355,664</u>	<u>6,420,189</u>	<u>6,292,972</u>	<u>127,217</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>222,431</u>	<u>(942,094)</u>	<u>(906,045)</u>	<u>36,049</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	116,825	116,825	116,111	(714)
Transfers out	(334,070)	(334,070)	(100,000)	234,070
Total other financing sources (uses)	<u>(217,245)</u>	<u>(217,245)</u>	<u>16,111</u>	<u>233,356</u>
NET CHANGES IN FUND BALANCES	<u>\$ 5,186</u>	<u>\$ (1,159,339)</u>	<u>\$ (889,934)</u>	<u>\$ 269,405</u>
FUND BALANCES:				
Beginning of year			<u>1,288,926</u>	
End of year			<u>\$ 398,992</u>	

City of Arvin
Required Supplementary Information (Unaudited)
Budgetary Comparison Schedule
For the Year Ended June 30, 2016

Budget Comparison Schedule, Jewett Square Development Capital Project Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 80,764	\$ 80,764
Total revenues	<u>-</u>	<u>-</u>	<u>80,764</u>	<u>80,764</u>
EXPENDITURES:				
Current:				
General government	-	-	37,500	(37,500)
Planning/community development	-	-	12,291	(12,291)
Debt services:				
Interest and fiscal charges	-	-	94,028	(94,028)
Capital Outlay	2,787,500	2,724,072	229,392	2,494,680
Total expenditures	<u>2,787,500</u>	<u>2,724,072</u>	<u>373,211</u>	<u>2,350,861</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(2,787,500)</u>	<u>(2,724,072)</u>	<u>(292,447)</u>	<u>2,431,625</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from capital lease	2,787,500	2,787,500	4,995,000	2,207,500
Total other financing sources (uses)	<u>2,787,500</u>	<u>2,787,500</u>	<u>4,995,000</u>	<u>2,207,500</u>
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>\$ 63,428</u>	<u>\$ 4,702,553</u>	<u>\$ 4,639,125</u>
FUND BALANCES:				
Beginning of year			<u>(23,091)</u>	
End of year			<u>\$ 4,679,462</u>	

City of Arvin
Required Supplementary Information (Unaudited) (Continued)
Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2016

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, 2016, there were no adopted operating budgets for ARRA Grant Special Revenue Fund and JARC Capital Grant Special Revenue 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, 2016

Last Ten Fiscal Years

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

Measurement Date	June 30, 2015	June 30, 2014 ¹
City Proportion of the Net Pension Liability/(Asset)	0.010827%	0.010823%
City's Proportionate Share of the net Pension Liability/(Asset)	\$ 743,178	\$ 673,435
City's Covered-Employee Payroll	\$ 1,278,371	\$ 1,119,790
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	58.13%	60.14%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	85.12%	84.57%

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, 2016

Last Ten Fiscal Years (Continued)

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

Measurement Date	June 30, 2015	June 30, 2014 ¹
City Proportion of the Net Pension Liability/(Asset)	0.008872%	0.012158%
City's Proportionate Share of the net Pension Liability/(Asset)	\$ 608,986	\$ 756,538
City's Covered-Employee Payroll	\$ 1,148,898	\$ 1,157,044
City's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered-Employee Payroll	53.01%	65.39%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	86.97%	82.68%

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, 2016

Last Ten Fiscal Years

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

	2015-16	2014-15	2013-14 ¹
Actuarially determined contribution	\$ 106,497	\$ 63,299	\$ 80,511
Contributions in relation to the actuarially determined contribution ²	(106,497)	(63,299)	(80,511)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll ^{3,4}	\$ 1,316,722	\$ 1,278,371	\$ 1,119,790
Contributions as a percentage of covered-employee payroll ³	8.09%	4.95%	7.19%

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

	2015-16	2014-15	2013-14 ¹
Actuarially determined contribution	\$ 158,695	\$ 128,424	\$ 143,373
Contributions in relation to the actuarially determined contribution ²	(158,695)	(128,424)	(143,373)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll ^{3,4}	\$ 1,183,365	\$ 1,148,898	\$ 1,157,044
Contributions as a percentage of covered-employee payroll ³	13.41%	11.18%	12.39%

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.

⁴ Payroll from prior year (\$1,278,371 for miscellaneous plan and \$1,148,898 for safety plan) was assumed to increase by the 3.00% payroll growth assumption.

Notes to Schedule:

Valuation date: June 30, 2014

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, 2014. 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: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

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 Fund- 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.

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 Fund- Accounts for the grants received which have been restricted to provide low income employees transit services to work through purchases of buses.

NONMAJOR

GOVERNMENTAL FUNDS (CONTINUED)

Special Revenue Funds (Continued):

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

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

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

State Gas Tax 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, 2016, 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.

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

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

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

City of Arvin
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

	Special Revenue				
	CMAQ Grant	TEA	Transportation Development Act (Non-Transit)	Community Development Block Grant	COPS Program
ASSETS					
Cash and investments	\$ -	\$ 73,794	\$ -	\$ -	\$ 104,042
Accounts receivables	68,486	-	480,894	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 68,486	\$ 73,794	\$ 480,894	\$ -	\$ 104,042
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 23,423	\$ 24,670	\$ -
Accrued payroll and benefits	-	-	10	-	6,155
Retention payable	-	-	23,035	-	-
Due to other funds	68,848	-	10,701	-	-
Unearned revenue	-	-	-	-	97,887
Total liabilities	68,848	-	57,169	24,670	104,042
Deferred Inflows of Resources:					
Unavailable revenue	-	-	480,894	-	-
Total unavailable revenue	-	-	480,894	-	-
Fund Balances:					
Restricted	-	73,794	-	-	-
Unassigned (deficit)	(362)	-	(57,169)	(24,670)	-
Total fund balances	(362)	73,794	(57,169)	(24,670)	-
Total liabilities deferred inflows of resources, and fund balances	\$ 68,486	\$ 73,794	\$ 480,894	\$ -	\$ 104,042

City of Arvin
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2016

	Special Revenue				
	LLMD	Traffic Offender	Prop 1B	Traffic HSIP Derby Signal Light	ARRA Grant
ASSETS					
Cash and investments	\$ 151,920	\$ 6,111	\$ 305,078	\$ -	\$ -
Accounts receivables	-	-	-	6,549	-
Due from other funds	-	-	-	-	-
Total assets	\$ 151,920	\$ 6,111	\$ 305,078	\$ 6,549	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 9,311	\$ -	\$ -	\$ 232	\$ -
Accrued payroll and benefits	2,104	-	-	-	-
Retention payable	-	-	-	-	-
Due to other funds	-	-	-	4,482	-
Unearned revenue	-	-	-	-	-
Total liabilities	11,415	-	-	4,714	-
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	6,549	-
Total unavailable revenue	-	-	-	6,549	-
Fund Balances:					
Restricted	140,505	6,111	305,078	-	-
Unassigned (deficit)	-	-	-	(4,714)	-
Total fund balances	140,505	6,111	305,078	(4,714)	-
Total liabilities deferred inflows of resources, and fund balances	\$ 151,920	\$ 6,111	\$ 305,078	\$ 6,549	\$ -

(Continued)

City of Arvin
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2016

	Special Revenue				
	Sycamore Road Flood Reduction	Federal Police Grant	JARC Operations Grant	JARC Capital Grant	Prop 84 Park
ASSETS					
Cash and investments	\$ 45,685	\$ 5,965	\$ -	\$ -	\$ -
Accounts receivables	-	-	-	-	108,334
Due from other funds	-	-	-	-	-
Total assets	\$ 45,685	\$ 5,965	\$ -	\$ -	\$ 108,334
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 17,803
Accrued payroll and benefits	-	1,594	-	-	-
Retention payable	-	-	-	-	-
Due to other funds	-	-	-	-	113,959
Unearned revenue	46,228	5,798	-	-	-
Total liabilities	46,228	7,392	-	-	131,762
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	-	108,334
Total unavailable revenue	-	-	-	-	108,334
Fund Balances:					
Restricted	-	-	-	-	-
Unassigned (deficit)	(543)	(1,427)	-	-	(131,762)
Total fund balances	(543)	(1,427)	-	-	(131,762)
Total liabilities deferred inflows of resources, and fund balances	\$ 45,685	\$ 5,965	\$ -	\$ -	\$ 108,334

(Continued)

City of Arvin
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2016

	Special Revenue				
	Park Fees	AB109	Enterprise Zone	Safe Route to School	State Gas Tax
ASSETS					
Cash and investments	\$ 326,865	\$ 45,613	\$ -	\$ -	\$ 257,515
Accounts receivables	4,000	-	-	403,394	11,228
Due from other funds	-	-	-	-	-
Total assets	\$ 330,865	\$ 45,613	\$ -	\$ 403,394	\$ 268,743
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 2,223	\$ 6,388
Accrued payroll and benefits	-	-	-	-	66,979
Retention payable	-	-	-	-	-
Due to other funds	-	-	-	395,277	-
Unearned revenue	-	34,520	-	-	-
Total liabilities	-	34,520	-	397,500	73,367
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	403,394	-
Total unavailable revenue	-	-	-	403,394	-
Fund Balances:					
Restricted	330,865	11,093	-	-	195,376
Unassigned (deficit)	-	-	-	(397,500)	-
Total fund balances	330,865	11,093	-	(397,500)	195,376
Total liabilities deferred inflows of resources, and fund balances	\$ 330,865	\$ 45,613	\$ -	\$ 403,394	\$ 268,743

(Continued)

City of Arvin
Combining Balance Sheet (Continued)
Non-Major Governmental Funds
June 30, 2016

	Special Revenue				Total Non-major Governmental Funds
	Traffic Impact Fees	RSTP	PTMISEA Fence Grant	Asset Forfeiture	
ASSETS					
Cash and investments	\$ 438,051	\$ 255,917	\$ 767,840	\$ 10,754	\$ 2,795,150
Accounts receivables	-	78,867	-	-	1,161,752
Due from other funds	994,944	-	-	-	994,944
Total assets	\$ 1,432,995	\$ 334,784	\$ 767,840	\$ 10,754	\$ 4,951,846
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 4,187	\$ -	\$ 88,237
Accrued payroll and benefits	-	-	20	-	76,862
Retention payable	-	-	-	-	23,035
Due to other funds	-	-	-	-	593,267
Unearned revenue	238,000	-	764,641	10,754	1,197,828
Total liabilities	238,000	-	768,848	10,754	1,979,229
Deferred Inflows of Resources:					
Unavailable revenue	-	78,867	-	-	1,078,038
Total unavailable revenue	-	78,867	-	-	1,078,038
Fund Balances:					
Restricted	1,194,995	255,917	-	-	2,513,734
Unassigned (deficit)	-	-	(1,008)	-	(619,155)
Total fund balances	1,194,995	255,917	(1,008)	-	1,894,579
Total liabilities deferred inflows of resources, and fund balances	\$ 1,432,995	\$ 334,784	\$ 767,840	\$ 10,754	\$ 4,951,846

(Concluded)

City of Arvin
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue				
	CMAQ Grant	TEA	Transportation Development Act (Non-Transit)	Community Development Block Grant	COPS Program
REVENUES:					
Property taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-
Investment income	-	-	-	-	-
Intergovernmental	1,112	-	-	-	19,667
Other	-	117,007	-	-	-
Total revenues	1,112	117,007	-	-	19,667
EXPENDITURES:					
Current:					
General government	-	-	9	-	-
Public Safety	-	-	-	-	19,667
Public Works	1,474	-	9,461	-	-
Planning/community development	-	-	-	38,037	-
Capital outlay	-	-	39,658	81,816	-
Total expenditures	1,474	-	49,128	119,853	19,667
REVENUES OVER (UNDER) EXPENDITURES	(362)	117,007	(49,128)	(119,853)	-
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	143,213	-
Transfers out	-	(43,213)	(135,981)	-	-
Total other financing sources (uses)	-	(43,213)	(135,981)	143,213	-
NET CHANGE IN FUND BALANCES	(362)	73,794	(185,109)	23,360	-
FUND BALANCES:					
Beginning of year, as restated (Note 14)	-	-	127,940	(48,030)	-
End of year	<u>\$ (362)</u>	<u>\$ 73,794</u>	<u>\$ (57,169)</u>	<u>\$ (24,670)</u>	<u>\$ -</u>

City of Arvin
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Non-Major Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue				
	LLMD	Traffic Offenders	Prop 1B	Traffic HSIP Derby Signal Light	ARRA Grant
REVENUES:					
Property taxes and special assessments	\$ 166,172	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	1,645	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-
Investment income	-	-	-	-	-
Intergovernmental	-	-	-	4,938	-
Other	160	-	-	-	-
Total revenues	166,332	1,645	-	4,938	-
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	112,139	-	-	-	-
Planning/community development	-	-	-	-	-
Capital outlay	-	-	-	7,051	-
Total expenditures	112,139	-	-	7,051	-
REVENUES OVER (UNDER) EXPENDITURES	54,193	1,645	-	(2,113)	-
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(73)
Total other financing sources (uses)	-	-	-	-	(73)
NET CHANGE IN FUND BALANCES	54,193	1,645	-	(2,113)	(73)
FUND BALANCES:					
Beginning of year, as restated (Note 14)	86,312	4,466	305,078	(2,601)	73
End of year	<u>\$ 140,505</u>	<u>\$ 6,111</u>	<u>\$ 305,078</u>	<u>\$ (4,714)</u>	<u>\$ -</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, 2016

	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	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-
Investment income	-	-	-	-	-
Intergovernmental	54,846	20,370	-	-	-
Other	-	-	-	-	-
Total revenues	54,846	20,370	-	-	-
EXPENDITURES:					
Current:					
General government	-	153	-	-	-
Public safety	-	21,644	-	-	12,621
Public works	-	-	-	-	-
Planning/community development	18,409	-	-	-	-
Capital outlay	36,932	-	-	-	100,941
Total expenditures	55,341	21,797	-	-	113,562
REVENUES OVER (UNDER) EXPENDITURES	(495)	(1,427)	-	-	(113,562)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(116,038)	-
Total other financing sources (uses)	-	-	-	(116,038)	-
NET CHANGE IN FUND BALANCES	(495)	(1,427)	-	(116,038)	(113,562)
FUND BALANCES:					
Beginning of year, as restated (Note 14)	(48)	-	-	116,038	(18,200)
End of year	<u>\$ (543)</u>	<u>\$ (1,427)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (131,762)</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, 2016

	Special Revenue				
	Park Fees	AB109	Enterprise Zone	Safe Route to School	State Gas Tax
REVENUES:					
Property taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-
Investment income	-	272	-	-	-
Intergovernmental	47,371	17,301	-	-	381,112
Other	-	-	-	-	-
Total revenues	47,371	17,573	-	-	381,112
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	10,029	-	-	-
Public works	-	-	-	271	577,716
Planning/community development	-	-	-	-	-
Capital outlay	-	-	-	539,354	2,454
Total expenditures	-	10,029	-	539,625	580,170
REVENUES OVER (UNDER) EXPENDITURES	47,371	7,544	-	(539,625)	(199,058)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	135,981	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	135,981	-
NET CHANGE IN FUND BALANCES	47,371	7,544	-	(403,644)	(199,058)
FUND BALANCES:					
Beginning of year, as restated (Note 14)	283,494	3,549	-	6,144	394,434
End of year	<u>\$ 330,865</u>	<u>\$ 11,093</u>	<u>\$ -</u>	<u>\$ (397,500)</u>	<u>\$ 195,376</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, 2016

	Special Revenue				Total Non-major Governmental Funds
	Traffic Impact Fees	RSTP	PTMISEA Fence Grant	Asset Forfeiture	
REVENUES:					
Property taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ 166,172
Licenses, permits and fees	275,796	-	-	-	277,441
Fines, forfeitures and penalties	-	-	-	-	-
Investment income	-	-	-	-	272
Intergovernmental	-	399,064	22,380	-	968,161
Other	-	-	-	-	117,167
Total revenues	275,796	399,064	22,380	-	1,529,213
EXPENDITURES:					
Current:					
General government	-	-	-	-	162
Public safety	-	-	25,418	-	89,379
Public works	-	-	-	-	701,061
Planning/community development	-	-	-	-	56,446
Capital outlay	-	35,137	-	-	843,343
Total expenditures	-	35,137	25,418	-	1,690,391
REVENUES OVER (UNDER) EXPENDITURES	275,796	363,927	(3,038)	-	(161,178)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	279,194
Transfers out	-	-	-	-	(295,305)
Total other financing sources (uses)	-	-	-	-	(16,111)
NET CHANGE IN FUND BALANCES	275,796	363,927	(3,038)	-	(177,289)
FUND BALANCES:					
Beginning of year, as restated (Note 14)	919,199	(108,010)	2,030	-	2,071,868
End of year	<u>\$ 1,194,995</u>	<u>\$ 255,917</u>	<u>\$ (1,008)</u>	<u>\$ -</u>	<u>\$ 1,894,579</u>

(Concluded)

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
CMAQ Grant Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 46,957	\$ 46,957	\$ 1,112	\$ (45,845)
Total revenues	<u>46,957</u>	<u>46,957</u>	<u>1,112</u>	<u>(45,845)</u>
EXPENDITURES:				
Current:				
Public works	2,345	2,345	1,474	871
Capital outlay	23,000	23,000	-	23,000
Total expenditures	<u>25,345</u>	<u>25,345</u>	<u>1,474</u>	<u>23,871</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>21,612</u>	<u>21,612</u>	<u>(362)</u>	<u>(21,974)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(21,887)</u>	<u>(21,887)</u>	-	21,887
Total other financing sources (uses)	<u>(21,887)</u>	<u>(21,887)</u>	-	21,887
NET CHANGES IN FUND BALANCES	<u>\$ (275)</u>	<u>\$ (275)</u>	(362)	<u>\$ (87)</u>
FUND BALANCES:				
Beginning of year			-	
End of year			<u>\$ (362)</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Other	\$ -	\$ -	\$ 117,007	\$ 117,007
Total revenues	<u>-</u>	<u>-</u>	<u>117,007</u>	<u>117,007</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>-</u>	<u>-</u>	<u>117,007</u>	<u>117,007</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	45,644	45,644	-	(45,644)
Transfers out	<u>-</u>	<u>-</u>	<u>(43,213)</u>	<u>(43,213)</u>
Total other financing sources (uses)	<u>45,644</u>	<u>45,644</u>	<u>(43,213)</u>	<u>(45,644)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 45,644</u>	<u>\$ 45,644</u>	73,794	<u>\$ (45,644)</u>
FUND BALANCES:				
Beginning of year			<u>-</u>	
End of year			<u>\$ 73,794</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 300,000	\$ 101,574	\$ -	\$ (101,574)
Total revenues	<u>300,000</u>	<u>101,574</u>	<u>-</u>	<u>(101,574)</u>
EXPENDITURES:				
Current:				
General government	-	-	9	(9)
Public works	42,421	43,995	9,461	34,534
Capital Outlay	9,000	9,000	39,658	(30,658)
Total expenditures	<u>51,421</u>	<u>52,995</u>	<u>49,128</u>	<u>3,867</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>248,579</u>	<u>48,579</u>	<u>(49,128)</u>	<u>(97,707)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(237,038)</u>	<u>(237,038)</u>	<u>(135,981)</u>	<u>101,057</u>
Total other financing sources (uses)	<u>(237,038)</u>	<u>(237,038)</u>	<u>(135,981)</u>	<u>101,057</u>
NET CHANGES IN FUND BALANCES	<u>\$ 11,541</u>	<u>\$ (188,459)</u>	<u>(185,109)</u>	<u>\$ 3,350</u>
FUND BALANCES:				
Beginning of year			<u>127,940</u>	
End of year			<u>\$ (57,169)</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 527,640	\$ 527,640	\$ -	\$ (527,640)
Total revenues	<u>527,640</u>	<u>527,640</u>	<u>-</u>	<u>(527,640)</u>
EXPENDITURES:				
Current:				
Planning/community development	-	-	38,037	(38,037)
Capital Outlay	<u>601,638</u>	<u>626,638</u>	<u>81,816</u>	<u>544,822</u>
Total expenditures	<u>601,638</u>	<u>626,638</u>	<u>119,853</u>	<u>506,785</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(73,998)</u>	<u>(98,998)</u>	<u>(119,853)</u>	<u>(20,855)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>73,998</u>	<u>73,998</u>	<u>143,213</u>	<u>69,215</u>
Total other financing sources (uses)	<u>73,998</u>	<u>73,998</u>	<u>143,213</u>	<u>69,215</u>
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>\$ (25,000)</u>	<u>23,360</u>	<u>\$ 48,360</u>
FUND BALANCES:				
Beginning of year			<u>(48,030)</u>	
End of year			<u>\$ (24,670)</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 19,667	\$ (80,333)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>19,667</u>	<u>(80,333)</u>
EXPENDITURES:				
Current:				
Public safety	144,025	144,025	19,667	124,358
Total expenditures	<u>144,025</u>	<u>144,025</u>	<u>19,667</u>	<u>124,358</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(44,025)</u>	<u>(44,025)</u>	<u>-</u>	<u>44,025</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	57,870	57,870	-	(57,870)
Total other financing sources (uses)	<u>57,870</u>	<u>57,870</u>	<u>-</u>	<u>(57,870)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 13,845</u>	<u>\$ 13,845</u>	<u>-</u>	<u>\$ (13,845)</u>
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
LLMD Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Property taxes and special assessments	\$ 108,900	\$ 108,900	\$ 166,172	\$ 57,272
Other	-	-	160	160
Total revenues	<u>108,900</u>	<u>108,900</u>	<u>166,332</u>	<u>57,432</u>
EXPENDITURES:				
Current:				
Public works	<u>113,653</u>	<u>113,653</u>	<u>112,139</u>	<u>1,514</u>
Total expenditures	<u>113,653</u>	<u>113,653</u>	<u>112,139</u>	<u>1,514</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(4,753)</u>	<u>(4,753)</u>	<u>54,193</u>	<u>58,946</u>
NET CHANGES IN FUND BALANCES	<u>\$ (4,753)</u>	<u>\$ (4,753)</u>	<u>54,193</u>	<u>\$ 58,946</u>
FUND BALANCES:				
Beginning of year			<u>86,312</u>	
End of year			<u>\$ 140,505</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses, permits and fees	\$ 2,000	\$ 2,000	\$ 1,645	\$ (355)
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>1,645</u>	<u>(355)</u>
EXPENDITURES:				
Current:				
Public safety	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>-</u>	<u>-</u>	<u>1,645</u>	<u>1,645</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(6,450)</u>	<u>(6,450)</u>	<u>-</u>	<u>6,450</u>
Total other financing sources (uses)	<u>(6,450)</u>	<u>(6,450)</u>	<u>-</u>	<u>6,450</u>
NET CHANGES IN FUND BALANCES	<u>\$ (6,450)</u>	<u>\$ (6,450)</u>	<u>1,645</u>	<u>\$ 8,095</u>
FUND BALANCES:				
Beginning of year			<u>4,466</u>	
End of year			<u>\$ 6,111</u>	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Prop 1B Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 81,917	\$ 81,917	\$ -	\$ (81,917)
Total revenues	<u>81,917</u>	<u>81,917</u>	<u>-</u>	<u>(81,917)</u>
EXPENDITURES:				
Capital outlay	-	81,917	-	81,917
Total expenditures	<u>-</u>	<u>81,917</u>	<u>-</u>	<u>81,917</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>81,917</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ 81,917</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCES:				
Beginning of year			<u>305,078</u>	
End of year			<u>\$ 305,078</u>	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Traffic HSIP Derby Signal Light Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 4,938	\$ (95,062)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>4,938</u>	<u>(95,062)</u>
EXPENDITURES:				
Capital Outlay	91,000	91,000	7,051	83,949
Total expenditures	<u>91,000</u>	<u>91,000</u>	<u>7,051</u>	<u>83,949</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>9,000</u>	<u>9,000</u>	<u>(2,113)</u>	<u>(11,113)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>(2,113)</u>	<u>\$ (11,113)</u>
FUND BALANCES:				
Beginning of year			<u>(2,601)</u>	
End of year			<u>\$ (4,714)</u>	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Sycamore Road Flood Reduction Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 3,701,523	\$ 3,697,875	\$ 54,846	\$ (3,643,029)
Total revenues	<u>3,701,523</u>	<u>3,697,875</u>	<u>54,846</u>	<u>(3,643,029)</u>
EXPENDITURES:				
Current:				
Planning/community development	-	-	18,409	(18,409)
Capital Outlay	3,796,523	3,796,523	36,932	3,759,591
Total expenditures	<u>3,796,523</u>	<u>3,796,523</u>	<u>55,341</u>	<u>3,741,182</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(95,000)</u>	<u>(98,648)</u>	<u>(495)</u>	<u>98,153</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	95,000	-	-	-
Total other financing sources (uses)	<u>95,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>\$ (98,648)</u>	<u>(495)</u>	<u>\$ 98,153</u>
FUND BALANCES:				
Beginning of year			<u>(48)</u>	
End of year			<u>\$ (543)</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 50,000	\$ 36,385	\$ 20,370	\$ (16,015)
Total revenues	<u>50,000</u>	<u>36,385</u>	<u>20,370</u>	<u>(16,015)</u>
EXPENDITURES:				
Current:				
General government	-	155	153	2
Public safety	<u>71,787</u>	<u>21,687</u>	<u>21,644</u>	<u>43</u>
Total expenditures	<u>71,787</u>	<u>21,842</u>	<u>21,797</u>	<u>45</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(21,787)</u>	<u>14,543</u>	<u>(1,427)</u>	<u>(15,970)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>39,733</u>	<u>39,733</u>	<u>-</u>	<u>(39,733)</u>
Total other financing sources (uses)	<u>39,733</u>	<u>39,733</u>	<u>-</u>	<u>(39,733)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 17,946</u>	<u>\$ 54,276</u>	<u>(1,427)</u>	<u>\$ (55,703)</u>
FUND BALANCES:				
Beginning of year			<u>-</u>	
End of year			<u>\$ (1,427)</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for current services	\$ 75,024	\$ 75,024	\$ -	\$ (75,024)
Total revenues	<u>75,024</u>	<u>75,024</u>	<u>-</u>	<u>(75,024)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 75,024</u>	<u>\$ 75,024</u>	<u>-</u>	<u>\$ (75,024)</u>
FUND BALANCES:				
Beginning of year			<u>-</u>	
End of year			<u>\$ -</u>	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Prop 84 Park Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 1,571,360	\$ 1,568,940	\$ -	\$ (1,568,940)
Total revenues	<u>1,571,360</u>	<u>1,568,940</u>	<u>-</u>	<u>(1,568,940)</u>
EXPENDITURES:				
Current:				
Public safety	14,072	12,832	12,621	211
Capital Outlay	-	101,000	100,941	59
Total expenditures	<u>14,072</u>	<u>113,832</u>	<u>113,562</u>	<u>270</u>
REVENUES OVER (UNDER)	<u>1,557,288</u>	<u>1,455,108</u>	<u>(113,562)</u>	<u>(1,568,670)</u>
EXPENDITURES				
OTHER FINANCING SOURCES (USES):				
Transfer out	(1,557,288)	(1,552,576)	-	1,552,576
Total other financing sources (uses)	<u>(1,557,288)</u>	<u>(1,552,576)</u>	<u>-</u>	<u>1,552,576</u>
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>\$ (97,468)</u>	<u>(113,562)</u>	<u>\$ (16,094)</u>
FUND BALANCES:				
Beginning of year			<u>(18,200)</u>	
End of year			<u>\$ (131,762)</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 95,000	\$ 63,000	\$ 47,371	\$ (15,629)
Total revenues	<u>95,000</u>	<u>63,000</u>	<u>47,371</u>	<u>(15,629)</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>95,000</u>	<u>63,000</u>	<u>47,371</u>	<u>(15,629)</u>
NET CHANGES IN FUND BALANCES	<u><u>\$ 95,000</u></u>	<u><u>\$ 63,000</u></u>	<u>47,371</u>	<u><u>\$ (15,629)</u></u>
FUND BALANCES:				
Beginning of year			<u>283,494</u>	
End of year			<u><u>\$ 330,865</u></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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Investment income	\$ -	\$ -	\$ 272	\$ 272
Intergovernmental	94,745	120,801	17,301	(103,500)
Total revenues	<u>94,745</u>	<u>120,801</u>	<u>17,573</u>	<u>(103,228)</u>
EXPENDITURES:				
Current:				
Public safety	74,801	70,306	10,029	60,277
Capital Outlay	46,000	26,056	-	26,056
Total expenditures	<u>120,801</u>	<u>96,362</u>	<u>10,029</u>	<u>86,333</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(26,056)</u>	<u>24,439</u>	<u>7,544</u>	<u>(16,895)</u>
NET CHANGES IN FUND BALANCES	<u>\$ (26,056)</u>	<u>\$ 24,439</u>	<u>7,544</u>	<u>\$ (16,895)</u>
FUND BALANCES:				
Beginning of year			<u>3,549</u>	
End of year			<u>\$ 11,093</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 1,000	\$ -	\$ -	\$ -
Other	-	3,841	-	(3,841)
Total revenues	1,000	3,841	-	(3,841)
EXPENDITURES:				
Current:				
General government	1,000	-	-	-
Total expenditures	1,000	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	3,841	-	(3,841)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGES IN FUND BALANCES	\$ -	\$ 3,841	-	\$ (3,841)
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
Safe Route to School Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 593,000	\$ 593,000	\$ -	\$ (593,000)
Total revenues	<u>593,000</u>	<u>593,000</u>	<u>-</u>	<u>(593,000)</u>
EXPENDITURES:				
Current:				
Public Works	-	271	271	-
Capital Outlay	593,000	539,378	539,354	24
Total expenditures	<u>593,000</u>	<u>539,649</u>	<u>539,625</u>	<u>24</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>-</u>	<u>53,351</u>	<u>(539,625)</u>	<u>(592,976)</u>
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	135,981	135,981
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>135,981</u>	<u>135,981</u>
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>\$ 53,351</u>	<u>(403,644)</u>	<u>\$ (592,976)</u>
FUND BALANCES:				
Beginning of year			<u>6,144</u>	
End of year			<u>\$ (397,500)</u>	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
State Gas Tax Special Revenue Fund
For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 532,898	\$ 537,880	\$ 381,112	\$ (156,768)
Total revenues	<u>532,898</u>	<u>537,880</u>	<u>381,112</u>	<u>(156,768)</u>
EXPENDITURES:				
Current:				
Public works	422,613	577,720	577,716	4
Capital outlay	-	2,475	2,454	21
Total expenditures	<u>422,613</u>	<u>580,195</u>	<u>580,170</u>	<u>25</u>
REVENUES OVER (UNDER)	<u>110,285</u>	<u>(42,315)</u>	<u>(199,058)</u>	<u>(156,743)</u>
EXPENDITURES				
OTHER FINANCING SOURCES (USES):				
Transfer out	(96,049)	(96,049)	-	96,049
Total other financing sources (uses)	<u>(96,049)</u>	<u>(96,049)</u>	<u>-</u>	<u>96,049</u>
NET CHANGES IN FUND BALANCES	<u>\$ 14,236</u>	<u>\$ (138,364)</u>	<u>(199,058)</u>	<u>\$ (60,694)</u>
FUND BALANCES:				
Beginning of year			<u>394,434</u>	
End of year			<u>\$ 195,376</u>	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Traffic Impact Fees Special Revenue Fund
For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Licenses, permits and fees	\$ 520,000	\$ 520,000	\$ 275,796	\$ (244,204)
Total revenues	<u>520,000</u>	<u>520,000</u>	<u>275,796</u>	<u>(244,204)</u>
EXPENDITURES:				
Capital outlay	209,000	209,000	-	209,000
Total expenditures	<u>209,000</u>	<u>209,000</u>	<u>-</u>	<u>209,000</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>311,000</u>	<u>311,000</u>	<u>275,796</u>	<u>(35,204)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 311,000</u>	<u>\$ 311,000</u>	<u>275,796</u>	<u>\$ (35,204)</u>
FUND BALANCES:				
Beginning of year, as restated			<u>919,199</u>	
End of year			<u>\$ 1,194,995</u>	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
RSTP Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 557,023	\$ 557,023	\$ 399,064	\$ (157,959)
Total revenues	<u>557,023</u>	<u>557,023</u>	<u>399,064</u>	<u>(157,959)</u>
EXPENDITURES:				
Capital Outlay	648,259	648,259	35,137	613,122
Total expenditures	<u>648,259</u>	<u>648,259</u>	<u>35,137</u>	<u>613,122</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(91,236)</u>	<u>(91,236)</u>	<u>363,927</u>	<u>455,163</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	85,485	85,485	-	(85,485)
Total other financing sources (uses)	<u>85,485</u>	<u>85,485</u>	<u>-</u>	<u>(85,485)</u>
NET CHANGES IN FUND BALANCES	<u><u>\$ (5,751)</u></u>	<u><u>\$ (5,751)</u></u>	<u>363,927</u>	<u><u>\$ 369,678</u></u>
FUND BALANCES:				
Beginning of year			<u>(108,010)</u>	
End of year			<u><u>\$ 255,917</u></u>	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
PTMISEA Fence Grant Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Intergovernmental	\$ 121,727	\$ 121,727	\$ 22,380	\$ (99,347)
Total revenues	<u>121,727</u>	<u>121,727</u>	<u>22,380</u>	<u>(99,347)</u>
EXPENDITURES:				
Current:				
Public safety	326,727	285,144	25,418	259,726
Total expenditures	<u>326,727</u>	<u>285,144</u>	<u>25,418</u>	<u>259,726</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>(205,000)</u>	<u>(163,417)</u>	<u>(3,038)</u>	<u>160,379</u>
NET CHANGES IN FUND BALANCES	<u>\$ (205,000)</u>	<u>\$ (163,417)</u>	<u>(3,038)</u>	<u>\$ 160,379</u>
FUND BALANCES:				
Beginning of year			<u>2,030</u>	
End of year			<u>\$ (1,008)</u>	

City of Arvin
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Asset Forfeiture Special Revenue Fund
For the Year Ended June 30, 2016

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