

**CITY OF TEHACHAPI**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2009**

**City of Tehachapi  
Annual Financial Report  
For the Fiscal Year Ended June 30, 2009**

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Tehachapi, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tehachapi, California (City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

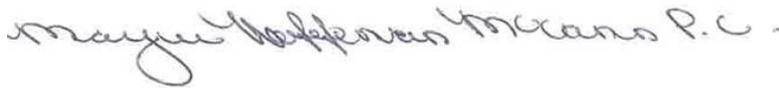
In accordance with *Governmental Auditing Standards*, we have also issued our report dated February 1, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and 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 *Governmental Auditing Standards* and important for assessing the results of our audit.

### **Southern California Locations**

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The management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 57 through 60, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 nonmajor fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mayer Wolfson Means P.C.".

Bakersfield, California  
February 1, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Tehachapi ("City") provides a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2009. The City encourages readers to consider the information presented here in conjunction with the financial statements and notes to the financial statements which are included with this report.

### Financial Highlights

- The City's net assets increased 36% to \$33,569,205 as a result of this year's operations.
- Total City revenues, including program and general revenues, were \$21,664,576 which is \$4,634,714 more than the prior year.
- Net assets in governmental funds increased \$6,918,615, and net assets in business activities increased \$1,885,107.
- Governmental revenue was increased by \$5,329,956 to \$14,840,463.
- Governmental expense was decreased by \$964,713 to \$7,921,849.
- Revenues from business-type activities decreased by \$695,242 to \$6,824,113.
- Expenses from business-type activities decreased by \$677,708 to \$4,927,729.
- General fund revenue was decreased by \$396,314 to \$5,356,282.
- General fund balance as of June 30, 2009 is \$4,343,834 a decrease of \$68,179 from the prior year.

### Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of:

1. The Basic Financial Statements, which include the government-wide financial statements
2. Fund Financial Statements
3. Notes to the financial statements
4. Required supplementary information
5. Supplementary information

### The Government-wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the government as a whole. These financial statements are constructed around the concept of a primary government. The primary government is then broken down into two different activities, governmental activities and business-type activities.

The governmental activities include general government, public safety, public works, general administration and Redevelopment Agency (RDA). Although the RDA is a separate agency, because it functions as part of the City and because the City Council also serves as the RDA governing board, RDA is included in the governmental activities column. The services under governmental activities are supported by taxes and by specific program revenue.

The business-type activities include Refuse, Water, Sewer, Transit and Airport fund. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### The Government-wide Financial Statements (Continued)

The basic financial statements are comprised of the following:

- Statement of Net Assets

The Statement of Net Assets is prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net assets is to attempt to report all assets held and liabilities owed by the City. The difference between the City's total assets and total liabilities is labeled as *net assets* and this difference is similar to the total owners' equity presented by a commercial enterprise. Although the purpose of the City is not to accumulate net assets, in general, increases or decreases of net assets may serve as an indicator of the financial position of the City.

- Statement of Activities

The purpose of the statement of activities is to present the revenues and expenses of the City. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned and expenses are recognized when incurred. The difference between revenue and expense is called *net income* in commercial enterprise whereas it is called *change in net assets* in the City's financial report.

### Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. All of the City's funds are divided into two categories: governmental funds and proprietary funds.

Fund financial statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major fund, and the determination of which funds are major, was established by Governmental Accounting Standard Boards (GASB) 34 and replaces the concept of combining like funds and presenting them in total. Instead, each major fund is presented individually, while all non-major funds are summarized and presented in a single column.

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

### **Governmental Funds (Continued)**

The City of Tehachapi maintains 29 individual governmental funds (active funds only). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditure and changes in fund balances for the General Fund, RDA Fund, RDA Low and Moderate Housing Fund and Transportation Development Act Capital Project funds which are considered to be major funds. Data from the other 25 governmental funds are combined into a single, aggregated presentation.

### **Proprietary Funds**

The only type of Proprietary funds the City of Tehachapi maintains is enterprise funds. The Refuse, Water, Sewer, Transit and Airport funds are presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City considers Water, Sewer, Refuse and Airport funds to be major funds and Transit fund is categorized as non-major proprietary funds.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information includes budgetary comparison schedules for the major governmental funds.

### **Overview of the City's Financial Position and Operations**

The City's overall financial position and operations for the past two years are summarized as follows based on the information included in the government-wide financial statements. Net assets may serve over time as an indicator of government's financial position. For the City of Tehachapi, assets exceeded liabilities by \$33,569,205 at June 30, 2009.

The largest portion of the City's net assets is in Investments in Capital Assets. The Investments in Capital Assets (e.g. land, infrastructures, buildings, machineries and equipments) Net of Related Debt was increased to \$20,327,463 (61% of total net assets) from \$11,941,726. The most significant cause for the increase was from infrastructures such as roads and water and sewer lines which were constructed by housing tract developers and dedicated to the City. These infrastructures were built for Heritage Oaks, Clear View, Mill Street Cottage, Autumn Hills and Orchard Glen. The additional capital projects such as the Beekay Theatre reconstruction, Tehachapi Boulevard sidewalk improvement, Valley Boulevard bike path, railroad depot reconstruction, General Plan update, water tanks project and new sewer plant design contributed significantly to the increase in net assets also. The City uses these capital assets to provide services to residents; accordingly, these assets are not available for future spending. Although the City's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted fund balance was decreased from the prior year by \$1,295,687 mainly due to use of RDA 2007 Tax Allocation Revenue Bonds proceed for various capital projects. The restricted funds are subject to external restrictions on how they may be used.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Overview of the City's Financial Position and Operations (Continued)

The negative unrestricted fund balance was caused by advancement of funds for the grant projects. The grants are typically received upon completion of capital projects and the grant fund would replenish the unrestricted funds.

#### Summary of Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	18,132,076	18,829,033	3,480,558	2,763,813	21,612,634	21,592,846
Capital Assets	21,980,385	14,113,217	17,155,539	16,940,126	39,135,924	31,053,343
Total Assets	<u>40,112,461</u>	<u>32,942,250</u>	<u>20,636,097</u>	<u>19,703,939</u>	<u>60,748,558</u>	<u>52,646,189</u>
Current Liabilities	1,409,035	919,449	718,931	1,173,881	2,127,966	2,093,330
Long-term Liabilities	18,134,928	18,372,918	6,916,459	7,414,458	25,051,387	25,787,376
Total Liabilities	<u>19,543,963</u>	<u>19,292,367</u>	<u>7,635,390</u>	<u>8,588,339</u>	<u>27,179,353</u>	<u>27,880,706</u>
Investments in Capital, Net of related debt	10,088,383	2,416,058	10,239,080	9,525,668	20,327,463	11,941,726
Restricted	11,712,486	12,925,958	1,496,826	1,571,106	13,209,312	14,497,064
Unrestricted	(1,232,371)	(1,692,133)	1,264,801	18,826	32,430	(1,673,307)
Total Net Assets	<u>20,568,498</u>	<u>13,649,883</u>	<u>13,000,707</u>	<u>11,115,600</u>	<u>33,569,205</u>	<u>24,765,483</u>

The City started capturing its capital assets in governmental funds beginning fiscal year 2002/2003. In accordance with GASB 34, the City was not required to retroactively capture the capital assets like other larger cities because the City fell under the implementation phase III due to the size of its revenue in fiscal year 1999/2000.

#### Governmental Activities

Governmental activities increased the City's net assets by \$6,918,615 thereby accounting for 79% of the total growth in the City's net assets mainly due to \$7,672,325 increase in capital asset, net of related debt, in government fund.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Statement of Activities

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenue</b>						
Program Revenues:						
Charges for Services	79,786	275,934	5,367,038	5,541,119	5,446,824	5,817,053
Operating contribution & Grants	4,500	277,848	227,305	197,317	231,805	475,165
Capital Grants & Contribution	6,514,059	533,592	15,724	658,985	6,529,783	1,192,577
General Revenues:						
Property taxes	2,942,733	2,675,686			2,942,733	2,675,686
Sales Taxes	1,621,829	1,775,634			1,621,829	1,775,634
Other Taxes	1,042,071	953,522			1,042,071	953,522
License and permits	1,162,628	1,036,689		135,176	1,162,628	1,171,865
Other sources of funds	464,338	789,681			464,338	789,681
Miscellaneous	1,451,934	690,523	424,021	888,947	1,875,955	1,579,470
Interest	268,633	505,380	77,977	93,829	346,610	599,209
Transfers	(712,048)	(3,982)	712,048	3,982	-	-
	14,840,463	9,510,507	6,824,113	7,519,355	21,664,576	17,029,862
<b>Expenses</b>						
Primary Government						
General Government	1,423,677	1,747,743			1,423,677	1,747,743
Administration	803,365	828,295			803,365	828,295
Public Works & Planning	2,369,372	3,190,909			2,369,372	3,190,909
Police	2,257,331	2,330,267			2,257,331	2,330,267
Fire Department	60,000	98,919			60,000	98,919
Sheriff	-	-			-	-
Council	41,601	22,617			41,601	22,617
City Clerk	39,045	15,122			39,045	15,122
Treasurer	2,448	2,012			2,448	2,012
Parks	1,742				1,742	-
Interest	923,268	650,678			923,268	650,678
Business-type Activities						
Refuse			872,602	805,195	872,602	805,195
Water			1,675,563	1,931,122	1,675,563	1,931,122
Sewer			1,600,071	1,520,946	1,600,071	1,520,946
Transit			130,139	121,144	130,139	121,144
Airport			649,354	718,237	649,354	718,237
Community Development			-	508,793	-	508,793
Total Expense	7,921,849	8,886,562	4,927,729	5,605,437	12,849,578	14,491,999
Change in Net Assets	6,918,614	623,945	1,896,384	1,913,918	8,814,998	2,537,863
Net Assets at beginning of yr	13,649,884	13,025,938	11,115,600	9,212,959	24,765,483	22,238,897
Prior Period Adj			(11,277)	(11,277)	(11,277)	(11,277)
<b>Net Assets at end of year</b>	<b>20,568,498</b>	<b>13,649,883</b>	<b>13,000,707</b>	<b>11,115,600</b>	<b>33,569,204</b>	<b>24,765,483</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Business Type Activities

The City operates five business-type activities. These are Refuse, Water, Sewer, Transit and Airport funds. Of the total \$8,803,722 City wide net assets increase, \$1,885,107 (21% of total increase) was contributed by the business-type activities. The capital projects such as T & T water tanks and new sewer plant and the reduction in liability by making principal payment on outstanding debts were the main factors for the net assets increase.

### FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Please note that unlike the Government-Wide financial statements discussed previously, the fund statements are reflected on a modified accrual basis.

#### Governmental Funds

As of June 30, 2009, the City's governmental funds reported combined ending fund balances of \$16,218,056. This number shows approximately 7% (\$1,119,917) fund balance decrease from the prior year. The main contribution to this decrease is from the use of RDA bond proceeds for various capital projects such as Tehachapi Boulevard sidewalk improvement, Beekay Theatre and Airport slurry seal. This fund balance is available for spending on the government's ongoing obligations to citizens and creditors although 64% of the total governmental fund balance is dedicated for specific purposes such as street and road maintenance, Redevelopment Agency and various capital projects.

The *General Fund* is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance in General Fund was \$4,118,608 which includes \$1,732,547 of advancement made to other funds such as Airport, special district funds and various capital project funds. Although the amount is labeled as advancements, there is a possibility that the General Fund may end up writing it off in a manner of operating transfer as it happened in the past. The General Fund wrote off outstanding loan balance of \$359,533 in fiscal year 2000/01 for the Airport fund expecting the Airport fund would self sustain from that time on. However, the Airport Fund still has not generated enough revenues to support its expenses.

In this fiscal year, the Community Development fund was included into the General Fund and \$434,413 negative fund balance from the Community Development fund was reported under Other Financing Source (Uses) section in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances. The reason for merging is that the major tasks performed by the Community Development department are planning and building permit functions which are very much a part of the function of General Fund.

The fund balance, after the deduction of any outstanding advancement made to other funds, will be used to pay for various City services such as police, contracted fire and City's general operations.

The *Redevelopment fund* has a total fund balance of \$6,242,813 which is reserved for capital projects within the designated project area and debt services as stated in the Bond indenture. Decrease of \$1,790,933 in RDA fund balance was from the use of bond proceeds for various capital projects.

Twenty percent of 2007 RDA Tax Revenue Allocation Bonds proceeds were allocated to *RDA Low and Moderate Housing Fund* and as a result, this fund was presented as one of the major governmental funds. To date, no major housing projects have occurred using the housing fund yet.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Proprietary Fund.

Unrestricted net assets of the Water and Sewer funds at the end of the year are negative \$917,378 and \$2,478,532 respectively. The negative unrestricted net assets in Water fund were caused by the construction of two new water tanks (T & T tanks). The fund shortage was covered by the money which was borrowed from the RDA fund in this fiscal year. This loan is budgeted to be paid back to RDA fund starting in the fiscal year 2013/14.

The net assets of the Sewer fund were increased by \$623,500 from prior year. Approximately 79% of the Sewer fund balance increase was from the Sewer connection fee. The unrestricted net assets in Sewer fund, \$2,478,532, will be used for the construction of a new sewer plant in the next two years.

### GENERAL FUND BUDGETARY HIGHLIGHTS

A detailed budgetary comparison schedule for the year ended June 30, 2009 is presented as required supplementary information following the notes to the financial statements. The final budget amounts are different from those presented in the 2008/09 – 2012/13 original five-year budget documents. It is due to changes that occurred between the original budget and mid-year budget adjustments.

	Original Budget	Final Budget	2008/09 Actual	Variance Actual vs. Final Budget (Negative)
Revenues incl. Other Sources	5,211,443	5,038,025	5,356,282	318,257
Expenditures incl. Other Uses	5,231,398	5,097,431	5,424,461	(327,030)
Net changes in fund balances	(19,955)	(59,406)	(68,179)	(8,773)
Fund Balance Beginning (Adjusted)	4,412,013	4,412,013	4,412,013	-
Fund Balance - Ending	4,392,058	4,352,607	4,343,834	(8,773)

Overall, the General Fund actual ending fund balance is \$8,773 less than what was budgeted in the final budget. The major contributions to positive revenue variance are from property tax revenue, \$129,249, and landscape and construction charges, \$107,835.

The major reason for the unfavorable variance in expenditures is due to the transfer of \$434,413 negative fund balance from the Community Development Fund which was reported as an expense in General Fund as the Community Development fund was added to the General Fund this fiscal year.

The departments in General Fund which contributed a major positive variance to the total expenditure are Public Works, \$92,822, Landscape Service, \$42,369, and Community Development department, \$26,319.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### CAPITAL & DEBT ADMINISTRATION

#### Capital Assets

	Governmental Activities	Business-type Activities	Totals
Non-Depreciable Assets:			
Land	927,662	2,150,575	3,078,237
Total non-depreciable assets	927,662	2,150,575	3,078,237
Depreciable Assets (net of accumulated depreciation)			
Buildings	1,558,616	4,516,028	6,074,644
Improvements other than building	16,279,350	8,288,329	24,567,679
Machinery and equipment	1,013,114	831,694	1,844,808
Parks	270,896	-	270,896
Construction in progress	1,930,747	1,368,913	3,299,660
Total depreciable assets-net	21,052,723	15,004,964	36,057,687
Total Capital Assets	21,980,385	17,155,539	39,135,924

The City of Tehachapi's investment in capital assets for its governmental and business type activities as of June 30, 2009, amounts to \$39,135,924 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, sidewalks, airport runways, water and sewer systems.

Additional information on the City of Tehachapi's capital assets can be found in Note D.

#### Long Term Debt

	Governmental Activities	Business-type Activities	Totals
Bonds	17,152,532	6,450,708	23,603,240
Loans	-	88,016	88,016
Capital Leases	789,733	377,735	1,167,468
Compensated absences	192,663	-	192,663
Total Long-Term Liabilities	18,134,928	6,916,459	25,051,387

The City of Tehachapi's total debt was decreased by \$735,989 during the current fiscal year. This decrease was mainly from making payments on principals of various outstanding debts without incurring additional debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total assessed valuation. The 2007 RDA Revenue Allocation Bonds are not general obligation debt.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In June, 2009, the Council adopted the 2009/10 through 2013/14 five-year budget, with total appropriations of \$20,637,086 in fiscal year 2009/10. The following factors were taken into consideration for the next fiscal year budget:

- No cost of living and merit increase were considered for all employees.
- 5% reduction of department heads' salary since February 11, 2009 remains.
- The 2009/10 General Fund revenue budget was projected at \$788,960 less than the actual revenue received in 2008/09. The main cause of revenue reduction is economy related.
- The 2009/10 General Fund expenditure budget was projected at \$386,176 less than the actual expenditure in 2008/09.
- Ninety-two equivalent dwelling units (EDU) of water connections and one hundred twenty-five EDUs of sewer connections were budgeted. The difference in number of connections between water and sewer depends on the type of business.
- Various capital projects were included in this budget and they are:
  - Curry Street (South of Valley) reconstruction, \$570,234
  - Continuation of Railroad Depot rebuilding, \$500,000
  - Downtown improvement phase II, \$1,230,089
  - Centennial Plaza construction, \$472,973
  - Challenger Drive design, \$280,000
  - Mill and H street reconstruction, \$509,900
  - Safe Route to School – Anita and Snyder intersection, \$260,000
  - Valley Boulevard improvement, Proposition 1B, 400,000
  - New sewer plant (\$2,000,000 – 50% of total projected construction cost)
- \$101,250 was budgeted for water purchase, lease and banking program.
- \$2,551,526 was allocated from RDA fund for various capital projects such as Valley Boulevard bike path, Railroad Depot reconstruction, downtown master plan improvement, downtown improvement phase II, Challenger Drive extension, sewer lift station improvement and Tehachapi Centennial Plaza in fiscal year 2009/10.
- \$1,300,000 is scheduled to be transferred from RDA to Sewer fund for the construction of a new sewer plant. Of the total transfer, \$500,000 is a loan which will be paid \$100,000 per year by the Sewer fund starting in fiscal year 2014/15. Although the City decided to build a four million dollar sewer plant instead of the \$24 million dollar one, if the federal grant through America Recovery and Reinvestment Act is received, the scope of the new sewer plant may be expanded.

Although the City has to tighten up on general spending due to economy related revenue reductions, there are still numerous capital projects in process. Most of these projects are the results of staff's vision for seeing the big picture, City's financial capabilities of bringing projects to grant-ready status and staff's successful efforts at securing various grants. As a result of the City's prudential approach to spending during this fiscal year, revenues of all major funds such as General Fund, Water fund and Sewer fund exceeded expenses.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

### **NEXT YEAR'S BUDGET AND ECONOMIC FACTORS (Continued)**

In the midst of concern for double dip economy recession by some, UCLA and other economists anticipate:

- The economy growth rate (in Gross Domestic Product index) will stay at a 2 % growth rate continuing from 2.8 % growth from the last two quarters in 2009.
- Low interest rate will remain as the U.S. Central Bank was holding to its position to keep benchmark borrowing costs at the lowest levels for an "extended period" as told by Ben Bernanke, Federal Reserve Chairman.
- As the sluggish growth continues, the unemployment rate will remain in double digit throughout most of 2010.
- As the hiring freeze and high unemployment rate still linger, people with stashed savings will continue to be careful about spending.
- "With 23 percent of the nation's house with mortgages underwater, foreclosures continue to rise; but we believe that is already factored into the decision making process of both buyers and sellers" said UCLA Anderson Forecast.

Although the federal stimulus funds are at work and a slow economic recovery is taking place, staff is certain that we are far from being out of the woods. Therefore, the City will continue to operate on minimal budget, at least for another fiscal year.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF TEHACHAPI  
STATEMENT OF NET ASSETS  
JUNE 30, 2009**

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,901,444	\$ 3,243,567	\$ 10,145,011
Short-term investments	7,310,616	399,002	7,709,618
Receivables (net of allowance)	975,026	755,638	1,730,664
Due from trust and agency funds	54,600	-	54,600
Internal balances	2,065,212	(2,065,212)	-
Prepays	65,427	-	65,427
Deferred Charges	599,952	912,563	1,512,515
Capital assets (net of accumulated depreciation):			
Land	927,662	2,150,575	3,078,237
Buildings	1,558,616	4,516,028	6,074,644
Improvements other than buildings	16,279,350	8,288,329	24,567,679
Machinery and equipment	1,013,114	831,694	1,844,808
Parks	270,896	-	270,896
Construction in progress	1,930,747	1,368,913	3,299,660
Advance to trust and agency funds	159,799	-	159,799
Other assets	-	235,000	235,000
<b>Total assets</b>	<b>40,112,461</b>	<b>20,636,097</b>	<b>60,748,558</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	840,045	263,822	1,103,867
Accrued interest payable	94,967	63,509	158,476
Deferred revenue	474,023	296,412	770,435
Customer deposits payable	-	95,188	95,188
Capital leases payable - current	23,731	20,425	44,156
Notes and bonds payable - current	220,000	506,932	726,932
Noncurrent liabilities:			
Capital leases	766,002	357,310	1,123,312
Notes and bonds payable	17,125,195	6,031,792	23,156,987
<b>Total liabilities</b>	<b>19,543,963</b>	<b>7,635,390</b>	<b>27,179,353</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	10,088,383	10,239,080	20,327,463
Restricted for:			
Deposits	-	101,873	101,873
Highways and streets	359,895	-	359,895
Public Safety	531,909	-	531,909
Debt Service	-	1,394,953	1,394,953
RDA	10,145,605	-	10,145,605
Other purposes	675,077	-	675,077
Unrestricted	(1,232,371)	1,264,801	32,430
<b>Total net assets</b>	<b>\$ 20,568,498</b>	<b>\$ 13,000,707</b>	<b>\$ 33,569,205</b>

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

**CITY OF TEHACHAPI  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

Functions/Programs	Program Revenues			Primary Government			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Grants and Contributions	Governmental Activities	Business-type Activity	Total
<b>Primary Government</b>							
Governmental activities:							
General government	\$ 1,423,677	\$ -	\$ -	\$ -	\$ (1,423,677)	\$ -	\$ (1,423,677)
Administration	803,365	-	-	-	(803,365)	-	(803,365)
Public works	1,923,760	79,786	4,500	5,941,620	4,102,146	-	4,102,146
Planning	445,612	-	-	572,439	126,827	-	126,827
Police	2,257,331	-	-	-	(2,257,331)	-	(2,257,331)
Fire department	60,000	-	-	-	(60,000)	-	(60,000)
Council	41,601	-	-	-	(41,601)	-	(41,601)
City clerk	39,045	-	-	-	(39,045)	-	(39,045)
Treasurer	2,448	-	-	-	(2,448)	-	(2,448)
Parks	1,742	-	-	-	(1,742)	-	(1,742)
Interest	923,268	-	-	-	(923,268)	-	(923,268)
Total governmental activities	<u>7,921,849</u>	<u>79,786</u>	<u>4,500</u>	<u>6,514,059</u>	<u>(1,323,504)</u>	<u>-</u>	<u>(1,323,504)</u>
Business-type activities:							
Refuse	872,602	951,195	-	-	-	78,593	78,593
Water	1,675,563	1,786,519	-	-	-	110,956	110,956
Sewer	1,600,071	2,130,181	-	-	-	530,110	530,110
Transit	130,139	-	130,139	-	-	-	-
Airport	649,354	499,143	97,166	15,724	-	(37,321)	(37,321)
Total business-type activities	<u>4,927,729</u>	<u>5,367,038</u>	<u>227,305</u>	<u>15,724</u>	<u>-</u>	<u>682,338</u>	<u>682,338</u>
Total primary government	<u>\$ 12,849,578</u>	<u>\$ 5,446,824</u>	<u>\$ 231,805</u>	<u>\$ 6,529,783</u>	<u>\$ (1,323,504)</u>	<u>\$ 682,338</u>	<u>\$ (641,166)</u>
General revenues:							
Property taxes					2,942,733	-	2,942,733
Sales taxes					1,621,829	-	1,621,829
Other taxes					1,042,071	-	1,042,071
Licenses and permits					1,162,628	-	1,162,628
Other sources of funds					464,338	-	464,338
Miscellaneous					1,451,934	424,021	1,875,955
Interest					268,633	77,977	346,610
Transfers in (out)					(712,048)	712,048	-
Total general revenues and transfers					<u>8,242,118</u>	<u>1,214,046</u>	<u>9,456,164</u>
Change in net assets					<u>6,918,614</u>	<u>1,896,384</u>	<u>8,814,998</u>
Net assets beginning of year					13,649,884	11,115,600	24,765,484
Depreciation adjustments					-	(11,277)	(11,277)
Net assets at end of year					<u>\$ 20,568,498</u>	<u>\$ 13,000,707</u>	<u>\$ 33,569,205</u>

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

**CITY OF TEHACHAPI  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	General	RDA Low & Moderate Housing	RDA Fund
<b>ASSETS</b>			
Cash and short-term investments	\$ 2,346,759	\$ 3,874,035	\$ 4,788,824
Receivables (net allowances)	537,043	28,757	87,397
Due from other funds	54,600	-	-
Internal balances	1,518,148	-	1,370,000
Prepays	65,427	-	-
Advances to other funds	159,799	-	-
	<u>4,681,776</u>	<u>3,902,792</u>	<u>6,246,221</u>
Total assets	<u>\$ 4,681,776</u>	<u>\$ 3,902,792</u>	<u>\$ 6,246,221</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 337,942	\$ -	\$ 3,408
Due to other funds	-	-	-
Deferred revenue	-	-	-
	<u>337,942</u>	<u>-</u>	<u>3,408</u>
Total liabilities	<u>337,942</u>	<u>-</u>	<u>3,408</u>
Fund balances:			
Reserved	225,226	3,902,792	6,242,813
Unreserved	4,118,608	-	-
	<u>4,343,834</u>	<u>3,902,792</u>	<u>6,242,813</u>
Total fund balances	<u>4,343,834</u>	<u>3,902,792</u>	<u>6,242,813</u>
Total liabilities and fund balances	<u>\$ 4,681,776</u>	<u>\$ 3,902,792</u>	<u>\$ 6,246,221</u>

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

**CITY OF TEHACHAPI  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2009**

	TDA 3 Bike Safety	Other Governmental Funds	Totals 6/30/2009
<b>ASSETS</b>			
Cash and short-term investments	\$ -	\$ 3,202,442	\$ 14,212,060
Receivables (net allowances)	-	321,829	975,026
Due from other funds	-	-	54,600
Internal balances	-	409,765	3,297,913
Prepays	-	-	65,427
Advances to other funds	-	-	159,799
	<u>-</u>	<u>-</u>	<u>159,799</u>
 Total assets	 <u>\$ -</u>	 <u>\$ 3,934,036</u>	 <u>\$ 18,764,825</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 237,474	\$ 261,221	\$ 840,045
Due to other funds	558,259	674,442	1,232,701
Deferred revenue	-	474,023	474,023
	<u>-</u>	<u>474,023</u>	<u>474,023</u>
 Total liabilities	 <u>795,733</u>	 <u>1,409,686</u>	 <u>2,546,769</u>
Fund balances:			
Reserved	-	-	10,370,831
Unreserved	(795,733)	2,524,350	5,847,225
	<u>(795,733)</u>	<u>2,524,350</u>	<u>5,847,225</u>
 Total fund balances	 <u>(795,733)</u>	 <u>2,524,350</u>	 <u>16,218,056</u>
 Total liabilities and fund balances	 <u>\$ -</u>	 <u>\$ 3,934,036</u>	 <u>\$ 18,764,825</u>

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

**CITY OF TEHACHAPI  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009**

Fund balances of governmental funds	\$	16,218,056
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets, net of depreciation, that have not been included as financial resources in governmental fund activity:		
Cost of capital assets		24,650,458
Construction in process		1,930,747
Accumulated depreciation		(4,600,820)
Long term debt and compensated absences from the General Long Term Debt Account Group that have not been included in the governmental fund activity:		
Tax obligation bonds payable		(17,152,533)
Capital leases payable		(789,733)
Compensated Absences		(192,662)
Accrued interest payable is not reported in the governmental funds.		(94,967)
Unamortized issuance costs on revenue bonds payable has not been reported in the governmental funds.		599,952
Net assets of governmental activities	\$	20,568,498

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

**CITY OF TEHACHAPI  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	General	RDA Low Moderate Housing	RDA Fund
<b>REVENUES</b>			
Grants	\$ 44,173	\$ -	\$ -
Charges for services	-	-	-
Intergovernmental	-	-	-
Property taxes	971,589	421,643	1,271,019
Sales taxes	1,621,829	-	-
Other taxes	725,247	-	-
Licenses and permits	1,162,628	-	-
Other sources of funds	-	-	-
Interest	70,173	58,173	100,567
Miscellaneous	657,944	1,000	3,500
Total revenues	<u>5,253,583</u>	<u>480,816</u>	<u>1,375,086</u>
<b>EXPENDITURES</b>			
Current:			
General government	770,247	-	-
Administration	150,121	125,830	461,152
Public works	999,788	-	369,307
Planning	308,616	-	730
Fire department	60,000	-	-
Police	2,179,792	-	-
Council	41,601	-	-
City Clerk	39,045	-	-
Treasurer	2,448	-	-
Parks	1,741	-	-
Debt service:			
Interest expense	-	172,187	688,744
Principal	-	45,000	180,000
Total expenditures	<u>4,553,399</u>	<u>343,017</u>	<u>1,699,933</u>
Excess (deficiency) of revenues over (under) expenditures	<u>700,184</u>	<u>137,799</u>	<u>(324,847)</u>
<b>OTHER FINANCING SOURCE (USES)</b>			
Transfers in	102,699	-	-
Transfers out	(845,447)	-	(1,466,086)
Capital contribution	(25,615)	-	-
Total other financing sources (uses)	<u>(768,363)</u>	<u>-</u>	<u>(1,466,086)</u>
Net change in fund balances	(68,179)	137,799	(1,790,933)
Fund balances at beginning of year	4,412,013	3,764,993	8,033,746
Fund balances at end of year	<u>\$ 4,343,834</u>	<u>\$ 3,902,792</u>	<u>\$ 6,242,813</u>

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

**CITY OF TEHACHAPI  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	TDA 3 Bike Safety	Other Governmental Funds	Totals 6/30/2009
<b>REVENUES</b>			
Grants	\$ 290,940	\$ 39,321	\$ 374,434
Charges for services	-	79,786	79,786
Intergovernmental	-	220,000	220,000
Property taxes	-	278,482	2,942,733
Sales taxes	-	-	1,621,829
Other taxes	-	316,824	1,042,071
Licenses and permits	-	-	1,162,628
Other sources of funds	-	464,338	464,338
Interest	-	39,720	268,633
Miscellaneous	-	686,503	1,348,947
Total revenues	<u>290,940</u>	<u>2,124,974</u>	<u>9,525,399</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	770,247
Administration	-	25,322	762,425
Public works	-	941,467	2,310,562
Planning	1,041,771	1,242,788	2,593,905
Fire department	-	-	60,000
Police	-	-	2,179,792
Council	-	-	41,601
City Clerk	-	-	39,045
Treasurer	-	-	2,448
Parks	-	-	1,741
Debt service:			
Interest expense	-	26,205	887,136
Principal	-	33,751	258,751
Total expenditures	<u>1,041,771</u>	<u>2,269,533</u>	<u>9,907,653</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(750,831)</u>	<u>(144,559)</u>	<u>(382,254)</u>
<b>OTHER FINANCING SOURCE (USES)</b>			
Transfers in	414,950	1,803,455	2,321,104
Transfers out	(408,620)	(312,999)	(3,033,152)
Capital contribution	-	-	(25,615)
Total other financing sources (uses)	<u>6,330</u>	<u>1,490,456</u>	<u>(737,663)</u>
Net change in fund balances	<u>(744,501)</u>	<u>1,345,897</u>	<u>(1,119,917)</u>
Fund balances at beginning of year	<u>(51,232)</u>	<u>1,178,453</u>	<u>17,337,973</u>
Fund balances at end of year	<u>\$ (795,733)</u>	<u>\$ 2,524,350</u>	<u>\$ 16,218,056</u>

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

**CITY OF TEHACHAPI  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

Net changes in fund balances - total governmental funds	\$ (1,119,917)
Amounts reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	2,605,078
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	6,027,112
Depreciation expense on capital assets is reported in the government-wide statement and changes in net assets, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure on the fund statements.	(765,022)
Repayment of principal on debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	258,751
Accrued interest payable is not reported in the governmental funds.	(36,132)
The statement of net assets includes amortization of issuance costs on long term debt.	(46,640)
To record the net change in compensated absences in the statement of activities.	<u>(4,616)</u>
Change in net assets of governmental activities	<u><u>\$ 6,918,614</u></u>

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

**CITY OF TEHACHAPI  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2009**

	Water Fund	Sewer Fund	Airport Fund
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 603,801	\$ 2,617,627	\$ 28,972
Short-term investments	242,628	156,374	-
Receivables (net of allowance)	318,986	248,441	2,055
Total current assets	<u>1,165,415</u>	<u>3,022,442</u>	<u>31,027</u>
Noncurrent assets:			
Deferred charges	223,663	688,900	-
Other assets	-	-	-
Capital assets:			
Land	1,479,418	613,614	57,543
Construction in process	-	1,368,913	-
Buildings	85,910	4,409,461	20,657
Machinery and equipment	164,729	363,761	303,204
Improvements other than buildings	5,526,042	404,344	2,357,943
Total capital assets (net of accumulated depreciation)	<u>7,256,099</u>	<u>7,160,093</u>	<u>2,739,347</u>
Total noncurrent assets	<u>7,479,762</u>	<u>7,848,993</u>	<u>2,739,347</u>
Total assets	<u>\$ 8,645,177</u>	<u>\$ 10,871,435</u>	<u>\$ 2,770,374</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 142,664	\$ 97,183	\$ 8,013
Accrued interest payable	15,877	45,409	2,223
Due to other funds	1,370,000	-	651,886
Deferred revenue	39,875	244,944	-
Customer deposits payable	86,488	-	8,700
Capital leases payable - current	1,430	18,995	-
Notes and bonds payable - current	142,300	356,161	8,471
Total current liabilities	<u>1,798,634</u>	<u>762,692</u>	<u>679,293</u>
Noncurrent liabilities:			
Capital leases	46,144	311,166	-
Notes and bonds payable	1,750,007	4,202,239	79,546
Total noncurrent liabilities	<u>1,796,151</u>	<u>4,513,405</u>	<u>79,546</u>
Total liabilities	<u>3,594,785</u>	<u>5,276,097</u>	<u>758,839</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	5,316,218	2,271,532	2,651,330
Restricted:			
Cash	101,873	-	-
Debt service	549,679	845,274	-
Unrestricted	(917,378)	2,478,532	(639,795)
Total net assets	<u>\$ 5,050,392</u>	<u>\$ 5,595,338</u>	<u>\$ 2,011,535</u>

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

**CITY OF TEHACHAPI  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2009**

	Refuse Fund	Nonmajor Proprietary Funds	Total Current Year
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ (6,833)	\$ -	\$ 3,243,567
Short-term investments	-	-	399,002
Receivables (net of allowance)	155,284	30,872	755,638
Total current assets	148,451	30,872	4,398,207
Noncurrent assets:			
Deferred charges	-	-	912,563
Other assets	235,000	-	235,000
Capital assets:			
Land	-	-	2,150,575
Construction in process	-	-	1,368,913
Buildings	-	-	4,516,028
Machinery and equipment	-	-	831,694
Improvements other than buildings	-	-	8,288,329
Total capital assets (net of accumulated depreciation)	-	-	17,155,539
Total noncurrent assets	235,000	-	18,303,102
Total assets	\$ 383,451	\$ 30,872	\$ 22,701,309
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 366	\$ 15,596	\$ 263,822
Accrued interest payable	-	-	63,509
Due to other funds	39,643	3,683	2,065,212
Deferred revenue	-	11,593	296,412
Customer deposits payable	-	-	95,188
Capital leases payable - current	-	-	20,425
Notes and bonds payable - current	-	-	506,932
Total current liabilities	40,009	30,872	3,311,500
Noncurrent liabilities:			
Capital leases	-	-	357,310
Notes and bonds payable	-	-	6,031,792
Total noncurrent liabilities	-	-	6,389,102
Total liabilities	40,009	30,872	9,700,602
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	-	10,239,080
Restricted:			
Cash	-	-	101,873
Debt service	-	-	1,394,953
Unrestricted	343,442	-	1,264,801
Total net assets	\$ 343,442	\$ -	\$ 13,000,707

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

**CITY OF TEHACHAPI  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Water Fund	Sewer Fund	Airport Fund
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 1,786,519	\$ 2,130,181	\$ 499,143
Grants	-	-	15,724
Miscellaneous	379,812	27,443	4,207
Total operating revenues	<u>2,166,331</u>	<u>2,157,624</u>	<u>519,074</u>
Operating expenses:			
Personnel services	677,706	550,301	180,256
Maintenance and operations	632,578	410,052	408,170
Depreciation	233,204	364,279	56,282
Total operating expenses	<u>1,543,488</u>	<u>1,324,632</u>	<u>644,708</u>
<b>OPERATING INCOME</b>	<u>622,843</u>	<u>832,992</u>	<u>(125,634)</u>
Nonoperating revenues (expenses):			
Intergovernmental	-	-	97,166
Interest income	12,030	65,947	-
Interest expense	(132,075)	(275,439)	(4,646)
Total nonoperating revenues (expenses)	<u>(120,045)</u>	<u>(209,492)</u>	<u>92,520</u>
Income (loss) before operating transfers	502,798	623,500	(33,114)
Transfers in	60,514	-	217,121
Total transfers in	<u>60,514</u>	<u>-</u>	<u>217,121</u>
Change in net assets	563,312	623,500	184,007
Net assets - beginning	4,487,080	4,971,838	1,838,805
Depreciation adjustment	-	-	(11,277)
<b>NET ASSETS - ENDING</b>	<u>\$ 5,050,392</u>	<u>\$ 5,595,338</u>	<u>\$ 2,011,535</u>

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

**CITY OF TEHACHAPI  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2009**

	Refuse Fund	Nonmajor Proprietary Funds	Totals
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 951,195	\$ -	\$ 5,367,038
Grants	-	-	15,724
Miscellaneous	12,559	-	424,021
Total operating revenues	<u>963,754</u>	<u>-</u>	<u>5,806,783</u>
Operating expenses:			
Personnel services	48,553	24,036	1,480,852
Maintenance and operations	824,049	106,103	2,380,952
Depreciation	-	-	653,765
Total operating expenses	<u>872,602</u>	<u>130,139</u>	<u>4,515,569</u>
<b>OPERATING INCOME</b>	<u>91,152</u>	<u>(130,139)</u>	<u>1,291,214</u>
Nonoperating revenues (expenses):			
Intergovernmental	-	130,139	227,305
Interest income	-	-	77,977
Interest expense	-	-	(412,160)
Total nonoperating revenues (expenses)	<u>-</u>	<u>130,139</u>	<u>(106,878)</u>
Income (loss) before operating transfers	91,152	-	1,184,336
Transfers in	-	460,028	737,663
Total transfers in	<u>-</u>	<u>434,413</u>	<u>712,048</u>
Change in net assets	91,152	434,413	1,896,384
Net assets - beginning	252,290	(434,413)	11,115,600
Depreciation adjustment	-	-	(11,277)
<b>NET ASSETS - ENDING</b>	<u>\$ 343,442</u>	<u>\$ -</u>	<u>13,000,707</u>

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

**CITY OF TEHACHAPI  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Total operating revenues	\$ 5,841,000
Personnel services	(1,480,852)
Maintenance and operations	(2,822,927)
Net cash provided by operating activities	1,537,221
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Operating transfers in	712,048
Intergovernmental revenue	227,305
Net cash provided by noncapital and related financing activities	939,353
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of fixed assets	(880,455)
Interest expense (net of discount amortization)	(302,212)
Payments on capital lease obligations	(30,422)
Payments on long-term debt	(481,325)
Net cash used in capital and related financing activities	(1,694,414)
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>	
Interest received	77,977
Net cash provided by investing activities	77,977
Net Increase in Cash	860,137
Cash, beginning of year	2,782,432
Cash, end of year	\$ 3,642,569
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 1,291,214
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation	653,765
Decrease in:	
Receivables	55,913
Due from other funds	35,298
Increase (decrease) in:	
Accounts payable	(439,182)
Due to other funds	(38,091)
Deposits payable	8,673
Other current liabilities	(6,635)
Deferred revenues	(23,734)
Net cash provided by operating activities	\$ 1,537,221
<b>NON CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>	
Depreciation Adjustment to Net Assets	(11,277)
Transfer of fixed asset to General Fund	(25,614)

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

**CITY OF TEHACHAPI  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2009**

	<u>Total Trust and Agency Funds</u>
<b>ASSETS</b>	
Cash and short-term investments	\$ 2,004,926
Short term investments	51,988
Receivables (net allowances)	18,698
Advances to other funds	159,799
Other assets	<u>215,963</u>
 Total assets	 <u><u>\$ 2,451,374</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Deposits	\$ 27,865
Advances from other funds	319,598
Due to other funds	54,600
Due to bond holders	<u>2,049,311</u>
 Total liabilities	 <u><u>\$ 2,451,374</u></u>

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

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

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

**A. Reporting entity**

The City of Tehachapi was incorporated August 13, 1909 under the general laws of the State of California. The City operates under a Council/City Manager form of government and provides the following services: public safety (police and fire); community services; public works; general administrative services; and capital improvements.

As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government.

The following is a brief review of the component units included in the accompanying general-purpose financial statements of the City.

**Tehachapi Redevelopment Agency** – The Tehachapi Redevelopment Agency was established pursuant to the State of California Health and Safety Code, Section 33000. The Agency is responsible for rehabilitation and economic revitalization of certain areas within the City.

**Tehachapi City Financing Corporation (TCFC)** – The Tehachapi City Financing Corporation was formed on September 26, 1990, as a Nonprofit Public Benefit Corporation to render financial assistance to the City by issuing debt instruments.

Detailed financial statements are available for the Tehachapi Redevelopment Agency from the City's Finance Department. The TCFC does not issue separate financial statements.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

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

**B. Government-wide and fund financial statements (Continued)**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental and fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *RDA Low and Moderate Housing Fund* is used to account for the portion of Agency tax increment revenue legally restricted to expenditures for low-and-moderate income housing purposes.

The *RDA Fund* is used to account for the interest and principal payments on the Agency's long-term debt issuance and to fund redevelopment projects.

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

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

**C. Measurement focus, basis of accounting, and financial statement presentation (Continued)**

The *TDA 3 Bike Safety Grant* is used to account for the expenditures for bicycle and pedestrian parking facilities, safety programs and travel facilities.

The City reports the following major proprietary funds:

The *sewer utility, water utility, refuse fund, and airport fund* are used to account for those operations that are financed and operated in a manner similar to a private business enterprise where the intent of the City Council is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Additionally, the City reports the following fund types:

The *agency funds* are used to account for funds that are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City accounts for transactions of its special assessment districts and community facilities districts as agency funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

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

**C. Measurement focus, basis of accounting, and financial statement presentation (Continued)**

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, liabilities, and net assets or equity**

**1. Deposits and investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

In accordance with Sections 16249.1, 53601 and 53635 of the California Government Code, and as further restricted by the City's adopted investment policy, the City may invest in the following types of investments:

- US Treasury Bills, Notes and Bonds.
- Local Agency Investment Fund administered by the California State Treasurer
- Obligations issued by agencies or instrumentality of the US Government.
- Negotiable Certificates of Deposit issued by federally or state chartered banks or associations.
- Money Market Mutual Funds investing in the securities and obligations authorized by CGC Section 53601.
- Guaranteed Investment Contract

Investments held by bond trustees and/or fiscal agents are invested in accordance with separate trust agreements.

For all investments at June 30, 2009, amortized cost approximates fair market value.

The City follows the practice of pooling cash and investments of all funds except for funds held in separate bank accounts under the provision of bond indentures.

Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on the average of the beginning and ending cash balances. Interest income from cash and investments of funds excluded from pooled cash is credited directly to the related fund.

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

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

**D. Measurement focus, basis of accounting, and financial statement presentation (Continued)**

***2. Receivable and payables***

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” (i.e., the current portion of the interfund loans) or “advances to/from other funds” (i.e., the non-current portion of the interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property taxes receivables are shown net of allowance for uncollectibles.

Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied to the extent that they result in current receivables in accordance with Interpretation 3 of the National Council on Governmental Accounting, Revenue Recognition – Property Taxes.

The County is permitted by State Law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year. The City receives a share of this basic levy.

***3. Prepaid items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

***4. Capital assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

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

**D. Measurement focus, basis of accounting, and financial statement presentation (Continued)**

**4. *Capital assets (Continued)***

The costs of normal maintenance and repairs that do not add to the value of the asset or materiality extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current fiscal year was \$1,368,552. Of this amount, \$0 was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the City, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Machinery and equipment	5 - 30
Structure and other improvements	10 - 40

Capital lease obligations of the Proprietary Funds are accounted for in the year of inception as a liability of the fund. The related asset is recorded as an asset of the fund.

**5. *Compensated absences***

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**6. *Long-term obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

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

**D. Assets, liabilities, and net assets or equity (Continued)**

**6. Long-term obligations (Continued)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**7. Fund equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted for outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Reservations of retained earnings are limited to outside third-party restrictions.

**(2) Stewardship, compliance, and accountability**

**A. Budgetary information**

Each year the City Council adopts a budget that provides for the general operations of the City. Budgets are prepared on the modified accrual basis of accounting.

The City Manager may transfer budgeted amounts up to \$10,000 within funds and budget amounts relating to personnel between funds up to \$10,000. The City Council must authorize all other revisions to the budget.

Each year the City Manager submits a proposed budget to the City Council during early June. The City Council held weekly budget hearings starting in May.

Formal budgetary integration is employed as a management control device during the year for the General, Special Revenue, Capital Projects, and certain Debt Service Funds.

Budgets for the General, Special Revenue, Capital Projects, and certain Debt Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except for capital leases. Purchases of equipment under capital leases are not budgeted in the year of acquisition as capital outlays, but are budgeted as lease expenditures as the payments are made. Budgeted amounts are as originally adopted or amended.

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(2) Stewardship, compliance, and accountability (Continued)**

**B. Excess of expenditures over appropriations**

Excess of expenditures over appropriations in individual funds are as follows:

Funds	Excess Expenditures
Major Funds:	
TDA 3 Bike Safety	\$ 121,771
Special Revenue Funds:	
Surface Transportation Program	30,292
Traffic Signal - Local	16,794
Oil Recycling Grant	4,048
Community Development Grant	1,893
Capital Projects Funds:	
Park & Recreation Capital Project Fee Fund	77,695
Downtown Master Plan	17,578
Mill & H Improvements ARRA Project	17,024
Challenger Drive Exit	6,404
Valley Blvd Improvement - Prop 1B	5,775
Tehachapi Centennial Plaza	4,017
DBAD Tehachapi Blvd Project	1,275
Safe Route to School	930

**C. Deficit fund equity**

The following funds had deficit fund balances at June 30, 2009:

Major Funds:	
TDA 3 Bike Safety	\$ (795,733)
Special Revenue Funds:	
Surface Transportation Program	(30,292)
Mill & H Improvement Projects	(17,024)
Community Development Grant	(2,174)
TEA Grant Downtown Beautification	(5,409)
Safe Route to School	(930)
Capital Projects Funds:	
Challenger Drive Exit	(18,500)
Tehachapi Centennial Plaza	(19,160)
Downtown Master Plan	(31,548)
DBAD Tehachapi Blvd	(1,275)
Green Street Lighting Project	(39,219)

The City expects to abate these deficits by operating transfers from the general fund and future revenue.

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(3) Detailed notes on all funds**

**A. Cash and Investments**

The City's cash, cash equivalents, and investments consist of the following at June 30, 2009:

Deposits		\$ 478,973
LAIF		11,621,875
Cash and cash equivalents		12,100,848
Investments		
Investments with fiscal agents		7,810,695
	Total	\$ 19,911,543

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

	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 6,901,444	\$ 3,131,207	\$ 2,004,926	\$ 12,037,577
Short-Term Investments	7,310,616	399,002	51,988	7,761,606
Restricted Cash	-	112,360	-	112,360
	\$ 14,212,060	\$ 3,642,569	\$ 2,056,914	\$ 19,911,543

**Deposits**

*Custodial Credit Risks.* Custodial credit risks is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy requires deposits to be covered by the federal depository insurance and collateral having a market value of 110% of the uninsured deposit. As of June 30, 2009 none of the City's bank balance of \$619,816 was exposed to custodial credit risk.

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(3) Detailed notes on all funds (Continued)**

**Investments**

As of June 30, 2009, the City had the following investments:

<u>Investment Types</u>	<u>Book Value</u>	<u>Maturities in years</u>	
		<u>Less than 1</u>	<u>1 to 5</u>
Local Agency Investment Funds	11,621,875	11,621,875	-
Government Securities	1,507,666	-	1,507,666
Guaranteed Investment Contract	574,590	-	574,590
Money Market	5,728,439	5,728,439	-
	<u>19,432,570</u>	<u>17,350,314</u>	<u>2,082,256</u>

**Authorized Investments**

The investments listed above are managed by the City Treasurer and Fiscal agents (bond trustees acting in accordance with bond covenants). Investments managed by the City Treasurer are invested in accordance with its respective investment policies. Investments managed by bond trustees are invested in accordance by provisions of the respective bond agreements, rather than the general provisions of the California Government Code or the City's Investment policy.

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

City Treasurer	\$ 11,621,875
Fiscal Agents (Bond trustees for the City and its component units)	<u>7,810,695</u>
	<u>\$ 19,432,570</u>

The City Treasurer has direct oversight over the City's pooled investment fund which covers cash and cash equivalents of the City's governmental funds, proprietary funds, and trust and agency funds which are invested in accordance with the City's investment policy. The investment policy generally complies with Californian Government Code Section 53601 and its primary detail is as follows:

	<u>Authorized by Investment Policy</u>	<u>Maximum Maturity (years)</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>	<u>Minumum Ratings</u>
U.S. Treasury and Agencies	Yes	5	100%	100%	None
U.S. Treasury Bills, Notes, & Bonds	Yes	5	100%	100%	None
Local Agency Investment Funds	Yes	N/A	None	None	None
Guaranteed Investment Contract	Yes	N/A	None	None	AA
Certificate of Deposits (CDs)	Yes	5	30%	100%	A
Money Market Mutual Funds	Yes	N/A	15%	None	None
Commercial Paper	Yes	5	15%	None	
Trust indenture	Yes	N/A	None	None	

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(3) Detailed notes on all funds (Continued)**

**A. Deposits and investments (Continued)**

**Authorized Investments (Continued)**

Investments with fiscal agents are investments held by the bond trustee. The City and its investment advisor selects the investment under the terms of the applicable trust agreement, directs the bond trustee to acquire the investment, and the bond trustee then holds the investment on the behalf of the City and /or its component units. Proceeds of bonds administered by bond trustees are also generally covered under the City Treasurer's investment policy; however, specific provisions of each issuance are usually used in managing such investments.

*Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the City and its component units' investments to market rate fluctuations is provided in the table above that shows the distribution by maturity.

The City's investment policy generally complies with the State Government Code with respect to allowable investment instruments as a means of managing its fair value losses arising from changing interest rates. Guaranteed investment contracts are investments held by fiscal agents (bond trustees) and are restricted for construction projects and debt service.

*Credit Risk*

The City's investment policy complies with the State Government Code with respect to allowable investment instruments in managing its risks of loss related to credit risk. At June 30, 2009 Fitch's and Moody's rated the City's investments, except for those investments held by its bond trustees and the California LAIF, as A and AA. The California LAIF is unrated as to credit risk.

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(3) Detailed notes on all funds (Continued)**

**A. Deposits and investments (Continued)**

**Authorized Investments (Continued)**

*Concentration of Credit Risk*

Concentration of credit risk is the increased risk of loss if the City has a significant amount of investments with a single issuer. In accordance with the investment policy of the City, none of the investments categories listed exceeded the maximum allowable percentage of its portfolio. The investment policy of the City contains no 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 the total of the City's investments are as follows:

Issuer	Type of Investment	Amount
Bank of New York Hamilton Treasury Money Fund	Money Fund	\$ 4,871,824

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, 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. Custodial credit risk for LAIF is not determinable.

**B. Restricted Cash**

Included in cash and investments are restricted cash assets of \$6,571,373 held by the various bond trustees and fiscal agents, and \$83,388 and \$28,872 of customer deposits in the Water Utility and Airport Funds, respectively.

**C. Receivables**

Receivables as of year end for the City's individual major and non-major, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows.

	General Fund	RDA Low Moderate Housing Fund	RDA Fund	Nonmajor and Other Funds	Total
Taxes	\$ 494,748	\$ 28,757	\$ 87,397	\$ 18,698	\$ 629,600
Others	42,295	-	-	1,329	43,624
Accounts	-	-	-	1,093,679	1,093,679
Gross Receivables	537,043	28,757	87,397	1,113,706	1,766,903
Less: allowance for uncollectibles	-	-	-	(17,543)	(17,543)
Net total receivables	<u>\$ 537,043</u>	<u>\$ 28,757</u>	<u>\$ 87,397</u>	<u>\$ 1,096,163</u>	<u>\$ 1,749,360</u>

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(3) Detailed notes on all funds (Continued)**

**D. Capital assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 661,794	\$ 265,868	\$ -	\$ 927,662
Construction in progress	5,412,363	829,132	(4,310,748)	1,930,747
Total capital assets, not being depreciated	<u>6,074,157</u>	<u>1,095,000</u>	<u>(4,310,748)</u>	<u>2,858,409</u>
Capital assets, being depreciated:				
Buildings	1,544,480	1,023,600	-	2,568,080
Machinery and equipment	2,739,925	244,572	(13,020)	2,971,477
Improvements other than building	7,541,044	10,364,333	-	17,905,377
Parks	-	277,862	-	277,862
Total capital assets being depreciated	<u>11,825,449</u>	<u>11,910,367</u>	<u>(13,020)</u>	<u>23,722,796</u>
Less accumulated depreciation for:				
Buildings	(926,444)	(83,020)	-	(1,009,464)
Machinery and equipment	(1,613,852)	(344,511)	-	(1,958,363)
Improvements other than building	(1,246,093)	(379,934)	-	(1,626,027)
Parks	-	(6,966)	-	(6,966)
Total accumulated depreciation	<u>(3,786,389)</u>	<u>(814,431)</u>	<u>-</u>	<u>(4,600,820)</u>
Total capital assets, being depreciated, net	<u>8,039,060</u>	<u>11,095,936</u>	<u>(13,020)</u>	<u>19,121,976</u>
Governmental activities capital assets, net	<u>\$ 14,113,217</u>	<u>\$ 12,190,936</u>	<u>\$ (4,323,768)</u>	<u>\$ 21,980,385</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,099,350	\$ 51,225	\$ -	\$ 2,150,575
Construction in progress	3,956,456	804,771	(3,392,312)	1,368,915
Total capital assets, not being depreciated	<u>6,055,806</u>	<u>855,996</u>	<u>(3,392,312)</u>	<u>3,519,490</u>
Capital assets, being depreciated:				
Buildings	11,125,195	-	-	11,125,195
Machinery and equipment	1,662,849	50,074	(75,024)	1,637,899
Improvements other than building	7,208,674	3,392,312	-	10,600,986
Total capital assets being depreciated	<u>19,996,718</u>	<u>3,442,386</u>	<u>(75,024)</u>	<u>23,364,080</u>
Less accumulated depreciation for:				
Buildings	(6,284,676)	(324,491)	-	(6,609,167)
Machinery and equipment	(749,858)	(105,759)	49,410	(806,207)
Improvements other than building	(2,077,864)	(234,793)	-	(2,312,657)
Total accumulated depreciation	<u>(9,112,398)</u>	<u>(665,043)</u>	<u>49,410</u>	<u>(9,728,031)</u>
Total capital assets, being depreciated, net	<u>10,884,320</u>	<u>2,777,343</u>	<u>(25,614)</u>	<u>13,636,049</u>
Business-type activities capital assets, net	<u>\$ 16,940,126</u>	<u>\$ 3,633,339</u>	<u>\$ (3,417,926)</u>	<u>\$ 17,155,539</u>

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(3) Detailed notes on all funds (Continued)**

**D. Capital assets (Continued)**

Depreciation was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 814,431
Total depreciation expense - governmental activities	<u>\$ 814,431</u>
Business-type activities	
Water	\$ 233,204
Sewer	364,279
Airport	67,560
Total depreciation expense - business-type activities	<u>\$ 665,043</u>

**Construction commitments**

The City has active construction projects as of June 30, 2009. At year-end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Valley Blvd. Bikeway Facilities	\$ 317,760	\$ 261,116
Railroad Depot Restoration	-	834,495
General Plan Update	456,350	173,800
Total	<u>\$ 774,110</u>	<u>\$ 1,269,411</u>

**E. Inter-fund receivables, payables, and transfers**

The composition of inter-fund balances as of June 30, 2009 is as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	\$ 1,572,748	\$ -
RDA Fund	1,370,000	-
TDA 3 Bike Safety	-	558,259
	<u>2,942,748</u>	<u>558,259</u>

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(3) Detailed notes on all funds (Continued)**

**E. Inter-fund receivables, payables, and transfers (Continued)**

	<u>Receivable Fund</u>	<u>Payable Fund</u>
Special Revenue:		
Community Development Grant	-	281
Lighting District	-	91,417
Tea Grant Downtown B	-	5,409
	<u>-</u>	<u>97,107</u>
Capital Projects:		
Challenger Drive Exit	-	3,888
Tehachapi Centennial Plaza	-	15,142
BeeKay Theater	-	88,322
Public Safety Capital Project	409,765	409,765
Downtown Master	-	21,370
DBAD Tehachapi Blvd	-	-
Downtown Improvement	-	38,848
	<u>409,765</u>	<u>577,335</u>
Enterprise Funds:		
Refuse Fund	-	39,643
Airport Fund	-	651,886
Transit Fund	-	3,683
Water Utility	-	1,370,000
	<u>-</u>	<u>2,065,212</u>
Trust and Agency Funds:		
Summit 89-2	54,600	54,600
	<u>\$ 3,352,513</u>	<u>\$ 3,352,513</u>

Advances to/from consist of the following at June 30, 2009:

	Receivable Fund	Payable Fund
General Fund	\$ 159,799	\$ -
Trust and Agency Funds:		
Summit 89-2	-	98,233
Curry Highline 90-1	-	61,566
Special Districts Revolving Fund	159,799	159,799
	<u>\$ 319,598</u>	<u>\$ 319,598</u>

Operating Transfers consist of the following at June 30, 2009:

General Fund:		
Transfer to General Plan Update		\$ 400,000
Transfer to Community Development Department		434,413
Transfer to Airport		9,648
Transfer to Lighting District		1,386
		<u>845,447</u>

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(3) Detailed notes on all funds (Continued)**

**E. Inter-fund receivables, payables, and transfers (Continued)**

Special Revenue Funds:

Tehachapi Streetscape Fund		
Transfer to Gas Tax Fund	\$	27,865
Streets and Roads		
Transfer to Community Development Grant Fund		44,542
Bike Safety		
Transfer to Valley Blvd Prop 1B		408,620
		<u>481,027</u>

Capital Projects Funds:

Parks & Recreation Capital Project		
Transfer to Central Park Lighting Fund		45,000
Transfer to Community Development Grant Fund		119,813
Tucker Road/ Valley Exchange		
Transfer to Surface Transportation Program		231
Central Park Lighting Fund		
Transfer to Parks & Recreation Capital Fund		714
Supplemental Law Enforcement Fund		
Transfer to General Fund		102,699
		<u>268,457</u>

RDA Fund:

Transfer to TDA3 Bike Safety Grant		414,950
Transfer to Beekay Theater Fund		550,000
Transfer to Downtown Master Plan Implement Fund		100,000
Transfer to Tea Grant Downtown Beautification Fund		18,149
Transfer to General Plan Update Fund		100,000
Transfer to Challenger Drive Ext Fund		15,000
Transfer to Water Utility Fund		60,514
Transfer to Airport Fund		207,473
		<u>1,466,086</u>
	\$	<u>3,061,017</u>

**F. Other Assets**

Other assets at June 30, 2009 consist of the following:

	Trust and Agency Fund	Total
Foreclosure receivables	<u>\$ 215,963</u>	<u>\$ 215,963</u>
	<u>\$ 215,963</u>	<u>\$ 215,963</u>

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(3) Detailed notes on all funds (Continued)**

**Foreclosure Receivables**

The City has provided infrastructure improvements to various property owners in exchange for special taxes on those properties. Non-payment of these taxes has occurred on selected properties and the City has taken steps toward foreclosure. Funds have been expended during the foreclosure process that are expected to be received at completion of the foreclosure action. Due to the uncertainty as to the date upon which the City will receive reimbursement for the funds expended, those receivables have been reclassified as Other Assets within the Fiduciary Funds.

**F. Other Assets (Continued)**

**Joint venture in recycling project**

During the year ended June 30, 1991, the City invested \$235,000 in a joint venture recycling plant with Benz Sanitation, a local sanitation company. The investment does not result in title to the plant. The City does, however, have a profit-sharing interest of 5% of the gross profits and is held free from responsibility for any debts and obligations of the recycling project. The City did not receive a profit sharing payment for the year ending June 30, 2009.

**G. Leases**

The City, at various occasions, enters into lease agreements that qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business Activities
Asset:		
Goodrick Drive	\$ 955,571	\$ 195,719
Machinery and equipment	49,625	305,428
Less: Accumulated depreciation	(280,928)	(155,125)
Total	\$ 724,268	\$ 346,022

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(3) Detailed notes on all funds (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business Activities</u>
2010	\$ 48,701	\$ 35,366
2011	48,688	35,364
2012	48,676	35,361
2013	48,662	35,358
2014	48,649	35,355
2015-2019	243,030	176,734
2020-2024	242,621	75,084
2025-2029	242,146	49,596
2030-2033	145,025	29,702
	<u>1,116,198</u>	<u>507,920</u>
Less amount representing interest	<u>(326,465)</u>	<u>(130,185)</u>
Present value of net minimum lease payments	<u>\$ 789,733</u>	<u>\$ 377,735</u>

**H. Long term debt**

**Changes in General Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2009, was as follows:

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2009</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable	\$ 17,665,000	\$ -	\$ 225,000	\$ 17,440,000	\$ 220,000
Less deferred amounts:					
For issuance discounts	(303,613)	-	(16,145)	\$ (287,468)	-
Total bonds payable	<u>17,361,387</u>	<u>-</u>	<u>208,855</u>	<u>17,152,532</u>	<u>220,000</u>
Capital leases	823,484	-	(33,751)	789,733	23,731
Compensated absences	188,047	4,616	-	192,663	-
Governmental activity					
Long-term liabilities	<u>\$ 18,372,918</u>	<u>\$ 4,616</u>	<u>\$ 175,104</u>	<u>\$ 18,134,928</u>	<u>\$ 243,731</u>

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2009</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
2004 Forward Refunding Revenue Bond	\$ 3,415,000	\$ -	\$ 120,000	\$ 3,295,000	\$ 125,000
1993 State Revolving Loan	1,061,707	-	164,137	897,570	169,061
1998 Sewer and Water COP	256,500	-	4,200	252,300	4,400
2000 Sewer and Water COP	2,330,000	-	185,000	2,145,000	200,000
Less deferred amounts:					
For issuance discounts	(152,910)	-	(13,748)	(139,162)	-
Total bonds payable	<u>6,910,297</u>	<u>-</u>	<u>459,589</u>	<u>6,450,708</u>	<u>498,461</u>
Department of Transportation					
Loan	96,004	-	7,988	88,016	8,471
Capital leases	408,157	-	30,422	377,735	20,425
Business-type activity					
Long-term liabilities	<u>\$ 7,414,458</u>	<u>\$ -</u>	<u>\$ 497,999</u>	<u>\$ 6,916,459</u>	<u>\$ 527,357</u>

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(3) Detailed notes on all funds (Continued)**

**H. Long term debt (Continued)**

**Governmental Activities**

In December 2005, the Tehachapi Redevelopment Agency issued Tehachapi Redevelopment Project Revenue bonds in the amount of \$8,780,000. These bonds were issued for the purpose of refunding the Agency's \$1,555,000 2004 Subordinate Tax Allocation Notes and the Agency's \$2,500,000 2002 Tax Allocation Notes. A portion of the net proceeds of the Bonds will also be used to fund certain redevelopment activities of benefit to the Tehachapi Redevelopment Agency (the "Project Area"), including amounts which will be deposited into a special escrow fund for future release. Proceeds of the Bonds will also be used to establish a Reserve Fund, provide capitalized interest through December 1, 2009 on the Special Escrow Bonds, and to pay costs of issuance for the Bonds. The Bonds are secured by a pledge of tax revenues. The Bonds will mature on December 1, 2035 and the interest rate ranges between 3.25% to 5.25% over the life of the bonds. Interest is payable semiannually on June 1<sup>st</sup> and December 1<sup>st</sup> of each year commencing June 1, 2006. The notes are subject to redemption at the option of the agency on or after June 1, 2006.

The annual debt service requirements to maturity of the 2005 Tehachapi Redevelopment Project Bonds are as follows:

<b>2005 - Bonds</b>		
Year Ending June 30,	Principal	Interest
2010	\$ 170,000	\$ 399,385
2011	175,000	392,715
2012	185,000	385,626
2013	190,000	378,109
2014	195,000	370,256
2015-2019	1,110,000	1,718,201
2020-2024	1,385,000	1,439,398
2025-2029	1,735,000	1,067,923
2030-2034	2,225,000	567,443
2035-2036	1,060,000	54,791
Total	\$ 8,430,000	\$ 6,773,847

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(3) Detailed notes on all funds (Continued)**

**H. Long term debt (Continued)**

**Governmental Activities (Continued)**

In December 2007, the Tehachapi Redevelopment Agency issued Tehachapi Redevelopment Project 2007 Tax Allocation Bonds in the amount of \$9,120,000. These bonds were issued for the purpose of financing additional redevelopment activities for the Tehachapi Redevelopment Agency (the "Project Area"), including amounts which will be deposited into a special escrow fund for future release. Proceeds of the 2007 Bonds will also be used to fund capitalized interest from the 2007 Bonds which fund the special escrow fund, to provide money to meet the parity reserve fund requirement for the 2007 Bonds and the 2005 Bonds and to pay the cost of issuance of the 2007 Bonds. The Bonds are secured by a pledge of tax revenues. The Bonds will mature on December 1, 2037 and the interest rate ranges between 3.4% to 5.313% over the life of the bonds. Interest is payable semiannually on June 1<sup>st</sup> and December 1<sup>st</sup> of each year commencing June 1, 2009. The notes are subject to redemption at the option of the agency on or after December 1, 2018.

The annual debt service requirements to maturity of the 2007 Tehachapi Redevelopment Project Bonds are as follows:

<b>2007 - Bonds</b>		
Year Ending June 30,	Principal	Interest
2010	\$ 100,000	\$ 452,548
2011	160,000	447,309
2012	165,000	440,226
2013	175,000	432,650
2014	175,000	424,785
2015-2019	1,020,000	1,989,767
2020-2024	1,295,000	1,708,340
2025-2029	1,655,000	1,339,766
2030-2034	2,125,000	856,573
2035-2038	2,140,000	234,593
Total	\$ 9,010,000	\$ 8,326,557

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(3) Detailed notes on all funds (Continued)**

**H. Long term debt (Continued)**

**Business Activities**

The City issued Certificates of Participation, Refunding Revenue Bonds, and obtained a revolving loan from the State of California to finance the construction of sewer and water improvements. These obligations are reported in the enterprise funds as they are expected to be repaid from enterprise revenues. Amounts outstanding at June 30, 2009 are as follows:

<u>Description</u>	<u>Interest Rates</u>	<u>Amounts</u>
2004 Water and Sewer Revenue Forward Refunding	3.00% (average)	\$ 3,295,000
1993 State Revolving Loan	4.50%	897,570
1998 Sewer and Water COP	4.50%	252,300
2000 Sewer and Water COP	5.51% (average)	2,145,000
Department of Transportation Loan Fuel Tank	5.05%	88,016
		<u>6,677,886</u>
Less: Unamortized discount		(139,162)
		<u><u>\$ 6,538,724</u></u>

The annual debt service requirements to maturity for the 2004 Water and Sewer Forward Refunding Revenue Bond and 2000 Sewer and Water COP are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 325,000	\$ 242,048
2011	340,000	227,661
2012	355,000	212,094
2013	375,000	194,831
2014	405,000	175,819
2015-2019	2,465,000	554,181
2020-2021	1,175,000	73,425
	<u><u>\$ 5,440,000</u></u>	<u><u>\$ 1,680,060</u></u>

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(3) Detailed notes on all funds (Continued)**

**H. Long term debt (Continued)**

**State Revolving Loan**

During fiscal year of 1994-1995, the City obtained financing from the State of California for the construction of sewer facilities. The State established a line of credit upon which the City received \$2,882,112 in eleven disbursements from January 1993 to January 1994. The interest rate is 3.0% and repayment is scheduled in annual installments over 20 years commencing November 1, 1994.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest
2010	\$ 169,061	\$ 26,927
2011	174,133	21,855
2012	179,357	16,631
2013	184,738	11,251
2014	190,271	5,708
Total	<u>\$ 897,560</u>	<u>\$ 82,372</u>

In July 1998, the City obtained loans from the USDA Rural Development Department, totaling \$289,900. The Sewer Fund received \$103,000 and the Water Fund received \$186,900. The City used these funds to finance the sale of COP's totaling \$289,900; \$103,000 for the Sewer Fund and \$186,900 for the Water Fund, on July 15, 1998 with an interest rate of 4.5%. The revenue from the sale of the COP's was used to finance the building of a new sewer line to connect to the recently annexed Ashe tract.

The annual debt service requirements to maturity for the 1998 Sewer and Water COP's are as follows:

Year Ending June 30,	Principal	Interest
2010	\$ 4,400	\$ 11,353
2011	4,600	11,156
2012	4,800	10,948
2013	5,000	10,732
2014	5,300	10,508
2015-2019	29,800	48,782
2020-2024	37,200	41,441
2025-2029	46,700	32,238
2030-2034	58,000	20,781
2035-2038	56,500	6,498
Total	<u>\$ 252,300</u>	<u>\$ 204,437</u>

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(3) Detailed notes on all funds (Continued)**

**H. Long term debt (Continued)**

In October 1998, the City obtained financing from the Department of Transportation Aeronautics Program for the purchase of a fuel tank for the airport. The cost of the fuel tank was \$139,900. The interest rate is 5.0% and repayment is scheduled in annual installments over 17 years commencing January 1, 2002.

The annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2010	\$ 8,471	\$ 4,445
2011	8,956	4,017
2012	9,440	3,565
2013	9,924	3,088
2014	10,408	2,587
2015-2018	40,818	4,847
Total	<u>\$ 88,017</u>	<u>\$ 22,549</u>

**Deferred Charges**

On December 21, 1994, the City issued \$3.675 million in Refunding Revenue Bonds at variable interest rates to partially current refund \$2.455 million of 1990 Sewer and Water COP's and to purchase sewer improvements from the General Fund. The General Fund used the sales proceeds to retire the 1992 Certificates of Participation (a general long-term debt obligation of the City). The current refunding was undertaken to implement the purchase of the sewer improvements from the General Fund. The reacquisition price exceeded the net carrying amount of the old debt by \$149,494. This amount is being amortized over the new debt life, which is shorter than the life of the refunded debt.

Also, on April 1, 2000, the City issued \$3.990 million in Installment Sale COP's at variable interest rates to current refund the outstanding balance of the 1990 Sewer and Water COP's and to pay off their water rights loan from Sierra National Bank. The reacquisition price exceeded the net carrying amount of the old debt by \$323,218. This amount is being amortized over the new debt life, which is shorter than the life of the refunded debt.

On November 1, 2004, the City issued Water and Sewer Revenue Refunding Bonds in the amount of \$3,770,000. These 2004 bonds were issued for the purpose of prepaying and defeasing the outstanding 1994 Water and Sewer Revenue Refunding Bond with an aggregated principal amount of \$2,970,000 and to pay the cost of issuance of the Bonds. The acquisition price exceeded the net carrying value of the old debt by \$261,937 which is being amortized over the life of the new debt, which is equal to the remaining life of the refunded debt. The bonds were issued with an interest rate ranging from 2% to 4.125% over the life of the bonds, with a debt service requirement of \$5,436,606 to be paid over the next 15 years.

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(3) Detailed notes on all funds (Continued)**

**H. Long term debt (Continued)**

**Special Assessment Districts and Community Facilities Districts**

The City issued limited obligation bonds to finance the construction of infrastructure improvements within the City through the use of Special Assessment Districts and Community Facilities Districts. The repayment of the bonds are payable from special assessments and special taxes levied each year, or from foreclosure proceeds. The bonds do not constitute indebtedness of the City, and the City is in no way obligated for their repayment and is only acting on behalf of bondholders in collecting the assessments/taxes, forwarding the collections to the bondholders and initiating foreclosure proceedings, if necessary. Accordingly, these special assessment and special tax bonds payable have been excluded from the accompanying primary government financial statements.

Limited obligation assessment district and community facilities district bonds outstanding amounted to \$2,475,000 at June 30, 2009.

Due to delinquent annual levies amounting to \$2,678,160, limited obligation bonds amounting to \$2,100,000 (principal only) are in default at June 30, 2009.

**(4) Other information**

**A. Risk management**

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.

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 a formula which, among other expenses, charges the City's account for liability and workers' compensation losses under \$10,000. The City's share of estimated claims payable at June 30, 2009 amounted to \$0. The CSJVRMA participates in an excess pool which provides general liability coverage from \$1,000,000 to \$25,000,000. The CSJVRMA participates in an excess pool which provides workers' compensation coverage from \$500,000 to \$4,500,000 and purchases excess reinsurance above the \$5,000,000 to the statutory limit.

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(4) Other information (Continued)**

**A. Risk management (Continued)**

The CSJVRMA is a consortium of fifty-five (55) cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et seq. The CSJVRMA is governed by a Board of Directors, which meets 3-4 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 the CSJVRMA. The financial position and results of operations for the Authority, as of June 30, 2008 (the most recent information available), are presented below:

	<u>(In Thousands)</u>
Total Assets	\$ 55,090
Total Liabilities	<u>45,390</u>
Total Net Assets	<u>9,700</u>
Total Liabilities and Net Assets	<u>\$ 55,090</u>
Total Operating Revenues for Year	<u>23,121</u>
Total Operating Expenses for Year	<u>26,257</u>
Operating Loss for Year	<u>\$ (3,136)</u>

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

**B. City employee retirement plans**

**Miscellaneous Plan:**

**Plan Description**

The City of Tehachapi's (the City) defined benefit pension plan (the Miscellaneous Plan) provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The Miscellaneous Plan of the City is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS) risk pool, a cost sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through City Ordinance 05-04-679. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(4) Other information (Continued)**

**B. City employee retirement plans (Continued)**

**Miscellaneous Plan (Continued)**

**Funding Policy**

Active plan members in the Miscellaneous Plan are required to contribute 7% of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2008-09 was 8.832%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

**Annual Pension Cost**

For fiscal year 2008-09, the estimated City's annual pension cost was \$163,390 and the City actually contributed \$188,420. The required contribution for fiscal year 2008-09 was determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by age, duration of service, and type of employment ranging from 3.25% to 14.45% for miscellaneous members, and (c) 3.25% compounded annually for overall payroll growth. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of the Miscellaneous Plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a fifteen-year period. The Miscellaneous Plan's unfounded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll over a closed 20-year period.

**Three-Year Trend Information for the Miscellaneous Plan**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2007	\$ 156,597	100.00%	-
6/30/2008	178,183	100.00%	-
6/30/2009	188,420	100.00%	-

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(4) Other information (Continued)**

**B. City employee retirement plans (Continued)**

**Safety Fire Plan:**

During the fiscal year ended June 30, 2008 the Safety Fire Plan of the City became inactive. As such the City paid the side fund in the amount of \$35,087 for the fiscal year June 30, 2008 and there will be no additional required contributions. The plan is now part of an inactive pool subject to future gains and losses. At any point in the future, the City may be required to make a contribution on the pool's gain and losses. Currently the pool has a surplus and no additional contribution is required.

Trend Information for the Fire Safety Plan

Fiscal Year Ending June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2007	\$ 144,667	100.00%	\$ -
2008	43,412	100.00%	\$ -

**Safety Police Plan:**

The City of Tehachapi's (the City) defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Safety Plan of the City as part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through City Ordinance 07-07-692. CalPERS issues a separate comprehensive annual financial report.

Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

**Funding Policy**

Active Plan members in the Safety Plan are required to contribute 9% of their annual covered salary. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2008-09 was 15.432% for police officers. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(4) Other information (Continued)**

**B. City employee retirement plans (Continued)**

**Safety Police Plan: (Continued)**

**Annual Pension Cost**

For fiscal year 2008-09, the estimated City's annual pension cost was \$63,066 and the City actually contributed \$127,716. The required contribution for fiscal year 2008-09 was determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by age, duration of service, and type of employment ranging from 3.25% to 14.45% for safety members, and (c) 3.25% to payroll growth. Both (a) and (b) include an inflation component of 3.0%. The actuarial value of the Safety Plan's assets was determined using a technique that smoothes the effect of short term volatility in the market value of investments over a fifteen year period. The Safety Plan's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll over a closed 20 year period.

**Three-Year Trend Information for the Police Safety Plan**

<u>Fiscal Year Ending June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2007	\$ 106,680	100.00%	\$ -
2008	\$ 208,945	100.00%	\$ -
2009	\$ 127,716	100.00%	\$ -

**C. Deferred compensation plan**

The City offers all its regular full-time employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan permits participating employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The plan was started in September 1998. On that date, assets of the plan were placed in trust for the exclusive benefit of participants and their beneficiaries. The requirements of that IRC Section prescribes that the City does not own the amounts deferred by employees, including the related income on those amounts. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, are not reported on the City's financial statements for the year ended June 30, 2009.

**CITY OF TEHACHAPI  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2009**

**(4) Other information (Continued)**

**D. Reserved fund balances**

Fund balances that are not available for appropriation at June 30, 2009 are reserved for the following purposes:

	<u>General Fund</u>	<u>RDA Funds</u>	<u>Total</u>
Reserved			
Prepays	\$ 65,427	\$ -	\$ 65,427
Advances to other funds	159,799	-	159,799
Debt Service	-	6,242,813	6,242,813
Low Mod Housing	-	3,902,792	3,902,792
	<u>\$ 225,226</u>	<u>\$ 10,145,605</u>	<u>\$ 10,370,831</u>

**E. State of California Budget Bill ABX4-26**

This bill is part of the 2009 State budget which authorizes a shift of tax increment revenue, \$1.7 billion from the current budget year and \$2.05 billion in the fiscal year 2010-2011, from redevelopment agencies to school districts. The California Redevelopment Association has filed a lawsuit to challenge the constitutionality of ABX4-26 and seeks to prevent the state from taking redevelopment funds for non-development purposes.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF TEHACHAPI  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Grants	\$ -	\$ -	\$ 44,173	\$ 44,173
Property taxes	866,511	842,340	971,589	129,249
Sales taxes	1,774,011	1,732,588	1,621,829	(110,759)
Other taxes	750,262	660,848	725,247	64,399
Licenses and permits	1,050,382	1,158,023	1,162,628	4,605
Interest	100,000	75,000	70,173	(4,827)
Miscellaneous	670,277	469,226	657,944	188,718
Total revenues	<u>5,211,443</u>	<u>4,938,025</u>	<u>5,253,583</u>	<u>315,558</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,135,912	757,393	770,247	(12,854)
Administration	171,390	166,995	150,121	16,874
Public works	1,253,842	1,121,499	999,788	121,711
Planning	311,509	332,606	308,616	23,990
Fire department	60,000	60,000	60,000	-
Police	2,212,534	2,158,508	2,179,792	(21,284)
Council	32,837	40,497	41,601	(1,104)
City Clerk	50,719	42,135	39,045	3,090
Treasurer	2,655	2,612	2,448	164
Parks	-	7,000	1,741	5,259
Total expenditures	<u>5,231,398</u>	<u>4,689,245</u>	<u>4,553,399</u>	<u>135,846</u>
Excess (deficiency) of revenues under expenditures	<u>(19,955)</u>	<u>248,780</u>	<u>700,184</u>	<u>451,404</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	100,000	102,699	2,699
Transfers out	-	(408,186)	(845,447)	(437,261)
Capital contributions	-	-	(25,615)	(25,615)
Total other financing sources	<u>-</u>	<u>(308,186)</u>	<u>(768,363)</u>	<u>(460,177)</u>
Change in fund balances	(19,955)	(59,406)	(68,179)	(8,773)
Fund balance - beginning	<u>4,412,013</u>	<u>4,412,013</u>	<u>4,412,013</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,392,058</u>	<u>\$ 4,352,607</u>	<u>\$ 4,343,834</u>	<u>\$ (8,773)</u>

**CITY OF TEHACHAPI  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
RDA LOW & MODERATE HOUSING  
FOR THE YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Property taxes	\$ 363,463	\$ 404,267	\$ 421,643	\$ 17,376
Interest	40,000	46,000	58,173	12,173
Miscellaneous	-	1,000	1,000	-
Total revenues	<u>403,463</u>	<u>451,267</u>	<u>480,816</u>	<u>29,549</u>
<b>EXPENDITURES</b>				
Current:				
Administration	94,074	145,110	125,830	19,280
Public works	60,000	60,000	-	60,000
Debt service:				
Interest expense	172,187	172,187	172,187	-
Principal	45,000	45,000	45,000	-
Total expenditures	<u>371,261</u>	<u>422,297</u>	<u>343,017</u>	<u>79,280</u>
Excess (deficiency) of revenues under expenditures	<u>32,202</u>	<u>28,970</u>	<u>137,799</u>	<u>108,829</u>
Change in fund balances	32,202	28,970	137,799	108,829
Fund balance - beginning	<u>3,764,993</u>	<u>3,764,993</u>	<u>3,764,993</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,797,195</u>	<u>\$ 3,793,963</u>	<u>\$ 3,902,792</u>	<u>\$ 108,829</u>

**CITY OF TEHACHAPI  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
RDA FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Property taxes	\$ 1,090,390	\$ 1,212,801	\$ 1,271,019	\$ 58,218
Interest	40,000	85,000	100,567	15,567
Miscellaneous	-	3,500	3,500	-
Total revenues	<u>1,130,390</u>	<u>1,301,301</u>	<u>1,375,086</u>	<u>73,785</u>
<b>EXPENDITURES</b>				
Current:				
Administration	350,295	610,276	461,152	149,124
Public works	290,000	434,592	369,307	65,285
Planning	-	730	730	-
Debt service:				
Interest expense	688,744	688,744	688,744	-
Principal	180,000	180,000	180,000	-
Total expenditures	<u>1,509,039</u>	<u>1,914,342</u>	<u>1,699,933</u>	<u>214,409</u>
Excess (deficiency) of revenues under expenditures	<u>(378,649)</u>	<u>(613,041)</u>	<u>(324,847)</u>	<u>288,194</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers out	<u>(2,214,950)</u>	<u>(2,830,631)</u>	<u>(1,466,086)</u>	<u>1,364,545</u>
Total other financing sources	<u>(2,214,950)</u>	<u>(2,830,631)</u>	<u>(1,466,086)</u>	<u>1,364,545</u>
Change in fund balances	(2,593,599)	(3,443,672)	(1,790,933)	1,652,739
Fund balance - beginning	<u>8,033,746</u>	<u>8,033,746</u>	<u>8,033,746</u>	<u>-</u>
Fund balance - ending	<u>\$ 5,440,147</u>	<u>\$ 4,590,074</u>	<u>\$ 6,242,813</u>	<u>\$ 1,652,739</u>

**CITY OF TEHACHAPI  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
TDA 3 BIKE SAFETY GRANT  
FOR THE YEAR ENDED JUNE 30, 2009**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Grants	\$ 806,000	\$ 1,007,688	\$ 290,940	\$ (716,748)
Other sources of funds	60,050	60,050	-	(60,050)
Total revenues	<u>866,050</u>	<u>1,067,738</u>	<u>290,940</u>	<u>(776,798)</u>
<b>EXPENDITURES</b>				
Current:				
Planning	<u>721,000</u>	<u>920,000</u>	<u>1,041,771</u>	<u>(121,771)</u>
Total expenditures	<u>721,000</u>	<u>920,000</u>	<u>1,041,771</u>	<u>(121,771)</u>
Excess (deficiency) of revenues under expenditures	<u>145,050</u>	<u>147,738</u>	<u>(750,831)</u>	<u>(898,569)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	114,950	414,950	414,950	-
Transfers out	<u>-</u>	<u>-</u>	<u>(408,620)</u>	<u>(408,620)</u>
Total other financing sources	<u>114,950</u>	<u>414,950</u>	<u>6,330</u>	<u>(408,620)</u>
Change in fund balances	260,000	562,688	(744,501)	(1,307,189)
Fund balance - beginning	<u>(51,232)</u>	<u>(51,232)</u>	<u>(51,232)</u>	<u>-</u>
Fund balance - ending	<u>\$ 208,768</u>	<u>\$ 511,456</u>	<u>\$ (795,733)</u>	<u>\$ (1,307,189)</u>

**SUPPLEMENTARY INFORMATION**

**CITY OF TEHACHAPI  
COMBINING BALANCE SHEET  
NONMAJOR  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	Special Revenue	Capital Projects	Total Nonmajor
<b>ASSETS</b>			
Cash and short-term investments	\$ 1,911,461	\$ 1,290,981	\$ 3,202,442
Receivables (net allowances)	101,829	220,000	321,829
Internal balances	-	409,765	409,765
	<b>\$ 2,013,290</b>	<b>\$ 1,920,746</b>	<b>\$ 3,934,036</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 112,710	\$ 148,511	\$ 261,221
Due to other funds	97,107	577,335	674,442
Deferred revenue	474,023	-	474,023
	<b>683,840</b>	<b>725,846</b>	<b>1,409,686</b>
Fund balances:			
Unreserved	1,329,450	1,194,900	2,524,350
	<b>1,329,450</b>	<b>1,194,900</b>	<b>2,524,350</b>
Total liabilities and fund balances	<b>\$ 2,013,290</b>	<b>\$ 1,920,746</b>	<b>\$ 3,934,036</b>

**CITY OF TEHACHAPI  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

	Special Revenue	Capital Projects	Total Nonmajor
<b>REVENUES</b>			
Grants	\$ 9,500	\$ 29,821	\$ 39,321
Charges for services	-	79,786	79,786
Intergovernmental	-	220,000	220,000
Property taxes	278,482	-	278,482
Other taxes	316,824	-	316,824
Other sources of funds	401,606	62,732	464,338
Interest	22,358	17,362	39,720
Miscellaneous	-	686,503	686,503
	<u>1,028,770</u>	<u>1,096,204</u>	<u>2,124,974</u>
<b>EXPENDITURES</b>			
Current:			
Administration	24,809	513	25,322
Public works	614,384	327,083	941,467
Planning	120,827	1,121,961	1,242,788
Interest expense	26,205	-	26,205
Principal	33,751	-	33,751
	<u>819,976</u>	<u>1,449,557</u>	<u>2,269,533</u>
Total expenditures			
	<u>819,976</u>	<u>1,449,557</u>	<u>2,269,533</u>
Excess (deficiency) of revenues over (under) expenditures	<u>208,794</u>	<u>(353,353)</u>	<u>(144,559)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	620,606	1,182,849	1,803,455
Transfers out	(147,241)	(165,758)	(312,999)
	<u>473,365</u>	<u>1,017,091</u>	<u>1,490,456</u>
Total other financing sources (uses)			
	<u>473,365</u>	<u>1,017,091</u>	<u>1,490,456</u>
Net change in fund balances	682,159	663,738	1,345,897
Fund balances - beginning	647,291	531,162	1,178,453
	<u>647,291</u>	<u>531,162</u>	<u>1,178,453</u>
Fund balances - ending	<u>\$ 1,329,450</u>	<u>\$ 1,194,900</u>	<u>\$ 2,524,350</u>

**CITY OF TEHACHAPI  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2009**

	<u>Streets and Roads</u>	<u>Traffic Signals</u>	<u>Supplemental Law Enforcement</u>
<b>ASSETS</b>			
Cash and short-term investments	\$ 401,952	\$ 680,030	\$ -
Receivables (net allowances)	<u>73,031</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 474,983</u>	<u>\$ 680,030</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 17,473	\$ -
Due to other funds	-	-	-
Deferred revenue	<u>474,023</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>474,023</u>	<u>17,473</u>	<u>-</u>
Fund balances:			
Unreserved	<u>960</u>	<u>662,557</u>	<u>-</u>
Total fund balances	<u>960</u>	<u>662,557</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 474,983</u>	<u>\$ 680,030</u>	<u>\$ -</u>

**CITY OF TEHACHAPI  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2009**

	Surface Transportation Program	TEA Grant Downtown Beautification	Beverage Container Recycling
<b>ASSETS</b>			
Cash and short-term investments	\$ -	\$ -	\$ 188
Receivables (net allowances)	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 188</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 30,292	\$ -	\$ -
Due to other funds	-	5,409	-
Deferred revenue	-	-	-
<b>Total liabilities</b>	<b>30,292</b>	<b>5,409</b>	<b>-</b>
Fund balances:			
Unreserved	(30,292)	(5,409)	188
<b>Total fund balances</b>	<b>(30,292)</b>	<b>(5,409)</b>	<b>188</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 188</b>

**CITY OF TEHACHAPI  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2009**

	Lighting District	Community Development Grant	Gas Tax
<b>ASSETS</b>			
Cash and short-term investments	\$ 266,585	\$ -	\$ 151,303
Receivables (net allowances)	1,329	-	27,469
 Total assets	 <u>\$ 267,914</u>	 <u>\$ -</u>	 <u>\$ 178,772</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 14,763	\$ 1,893	\$ 23,228
Due to other funds	91,417	281	-
Deferred revenue	-	-	-
 Total liabilities	 <u>106,180</u>	 <u>2,174</u>	 <u>23,228</u>
 Fund balances:			
Unreserved	<u>161,734</u>	<u>(2,174)</u>	<u>155,544</u>
 Total fund balances	 <u>161,734</u>	 <u>(2,174)</u>	 <u>155,544</u>
Total liabilities and fund balances	<u>\$ 267,914</u>	<u>\$ -</u>	<u>\$ 178,772</u>

**CITY OF TEHACHAPI  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2009**

	<u>Mill &amp; H Improvements ARRA Project</u>	<u>Safe Route to School Fund</u>	<u>Valley Blvd Improvement Project</u>
<b>ASSETS</b>			
Cash and short-term investments	\$ 1,652	\$ -	\$ 409,098
Receivables (net allowances)	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,652</u>	<u>\$ -</u>	<u>\$ 409,098</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 18,676	\$ 930	\$ 5,275
Due to other funds	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>18,676</u>	<u>930</u>	<u>5,275</u>
Fund balances:			
Unreserved	<u>(17,024)</u>	<u>(930)</u>	<u>403,823</u>
Total fund balances	<u>(17,024)</u>	<u>(930)</u>	<u>403,823</u>
Total liabilities and fund balances	<u>\$ 1,652</u>	<u>\$ -</u>	<u>\$ 409,098</u>

**CITY OF TEHACHAPI  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2009**

	Oil Recycling Grant Fund	Total Nonmajor
<b>ASSETS</b>		
Cash and short-term investments	\$ 653	\$ 1,911,461
Receivables (net allowances)	-	101,829
	<u>\$ 653</u>	<u>\$ 2,013,290</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ 180	\$ 112,710
Due to other funds	-	97,107
Deferred revenue	-	474,023
	<u>180</u>	<u>683,840</u>
Fund balances:		
Unreserved	473	1,329,450
	<u>473</u>	<u>1,329,450</u>
Total liabilities and fund balances	<u>\$ 653</u>	<u>\$ 2,013,290</u>

**CITY OF TEHACHAPI  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR YEAR ENDED JUNE 30, 2009**

	Streets and Roads	Traffic Signals	Supplemental Law Enforcement
<b>REVENUES</b>			
Grants	\$ -	\$ -	\$ -
Property taxes	-	-	-
Other taxes	-	-	-
Other sources of funds	76,319	188,097	100,000
Interest	3,377	11,416	538
	<u>79,696</u>	<u>199,513</u>	<u>100,538</u>
Total revenues			
	<u>79,696</u>	<u>199,513</u>	<u>100,538</u>
<b>EXPENDITURES</b>			
Current:			
Administration	-	-	-
Public works	-	50,017	-
Planning	-	37,392	-
Debt service:			
Interest expense	-	-	-
Principal	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures			
	<u>-</u>	<u>87,409</u>	<u>-</u>
Excess of revenues over expenditures	<u>79,696</u>	<u>112,104</u>	<u>100,538</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	(44,542)	-	(102,699)
	<u>(44,542)</u>	<u>-</u>	<u>(102,699)</u>
Total other financing sources (uses)			
	<u>(44,542)</u>	<u>-</u>	<u>(102,699)</u>
Net change in fund balances	35,154	112,104	(2,161)
Fund balances - beginning	(34,194)	550,453	2,161
	<u>(34,194)</u>	<u>550,453</u>	<u>2,161</u>
Fund balances - ending	<u>\$ 960</u>	<u>\$ 662,557</u>	<u>\$ -</u>

**CITY OF TEHACHAPI  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR YEAR ENDED JUNE 30, 2009**

	Surface Transportation Program	TEA Grant Downtown Beautification	Beverage Container Recycling
<b>REVENUES</b>			
Grants	\$ -	\$ -	\$ 5,000
Property taxes	-	-	-
Other taxes	-	-	-
Other sources of funds	-	-	-
Interest	-	-	168
	<hr/>	<hr/>	<hr/>
Total revenues	-	-	5,168
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current:			
Administration	-	-	-
Public works	-	-	23,191
Planning	30,292	4,686	-
Debt service:			
Interest expense	-	-	-
Principal	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	30,292	4,686	23,191
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	(30,292)	(4,686)	(18,023)
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	231	18,149	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	231	18,149	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(30,061)	13,463	(18,023)
	<hr/>	<hr/>	<hr/>
Fund balances - beginning	(231)	(18,872)	18,211
	<hr/>	<hr/>	<hr/>
Fund balances - ending	\$ (30,292)	\$ (5,409)	\$ 188
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF TEHACHAPI  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR YEAR ENDED JUNE 30, 2009**

	Lighting District	Community Development Grant	Gas Tax
<b>REVENUES</b>			
Grants	\$ -	\$ -	\$ -
Property taxes	278,482	-	-
Other taxes	-	-	316,824
Other sources of funds	-	-	37,190
Interest	3,407	-	2,453
	<u>281,889</u>	<u>-</u>	<u>356,467</u>
Total revenues			
<b>EXPENDITURES</b>			
Current:			
Administration	24,809	-	-
Public works	171,783	-	365,345
Planning	22,835	1,893	-
Debt service:			
Interest expense	-	-	26,205
Principal	-	-	33,751
	<u>219,427</u>	<u>1,893</u>	<u>425,301</u>
Total expenditures			
Excess of revenues over expenditures	<u>62,462</u>	<u>(1,893)</u>	<u>(68,834)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,386	164,355	27,865
Transfers out	-	-	-
	<u>1,386</u>	<u>164,355</u>	<u>27,865</u>
Total other financing sources (uses)			
Net change in fund balances	63,848	162,462	(40,969)
Fund balances - beginning	<u>97,886</u>	<u>(164,636)</u>	<u>196,513</u>
Fund balances - ending	<u>\$ 161,734</u>	<u>\$ (2,174)</u>	<u>\$ 155,544</u>

**CITY OF TEHACHAPI  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR YEAR ENDED JUNE 30, 2009**

	Mill & H Improvements ARRA Project	Safe Route to School Fund	Valley Blvd Improvement Project
<b>REVENUES</b>			
Grants	\$ -	\$ -	\$ -
Property taxes	-	-	-
Other taxes	-	-	-
Other sources of funds	-	-	-
Interest	-	-	978
	<hr/>	<hr/>	<hr/>
Total revenues	-	-	978
<b>EXPENDITURES</b>			
Current:			
Administration	-	-	-
Public works	-	-	-
Planning	17,024	930	5,775
Debt service:			
Interest expense	-	-	-
Principal	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	17,024	930	5,775
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	(17,024)	(930)	(4,797)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	408,620
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	408,620
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(17,024)	(930)	403,823
	<hr/>	<hr/>	<hr/>
Fund balances - beginning	-	-	-
	<hr/>	<hr/>	<hr/>
Fund balances - ending	\$ (17,024)	\$ (930)	\$ 403,823
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF TEHACHAPI  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR YEAR ENDED JUNE 30, 2009**

	Oil Recycling Grant Fund	Total Nonmajor
<b>REVENUES</b>		
Grants	\$ 4,500	\$ 9,500
Property taxes	-	278,482
Other taxes	-	316,824
Other sources of funds	-	401,606
Interest	21	22,358
	<u>4,521</u>	<u>1,028,770</u>
<b>EXPENDITURES</b>		
Current:		
Administration	-	24,809
Public works	4,048	614,384
Planning	-	120,827
Debt service:		
Interest expense	-	26,205
Principal	-	33,751
	<u>4,048</u>	<u>819,976</u>
Total expenditures		
Excess of revenues over expenditures	<u>473</u>	<u>208,794</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	620,606
Transfers out	-	(147,241)
	<u>-</u>	<u>473,365</u>
Total other financing sources (uses)		
Net change in fund balances	473	682,159
Fund balances - beginning	-	647,291
	<u>-</u>	<u>647,291</u>
Fund balances - ending	<u>\$ 473</u>	<u>\$ 1,329,450</u>

**CITY OF TEHACHAPI  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2009**

	Tucker Road/ Valley Blvd. Exchange	Railroad Depot	Misc. Capital Projects
<b>ASSETS</b>			
Cash and short-term investments	\$ 46,295	\$ 104,399	\$ -
Receivables (net allowances)	-	-	-
Internal balances	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 46,295</u>	<u>\$ 104,399</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 42,717	\$ -
Due to other funds	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>42,717</u>	<u>-</u>
Fund balances:			
Unreserved	<u>46,295</u>	<u>61,682</u>	<u>-</u>
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>46,295</u>	<u>61,682</u>	<u>-</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 46,295</u>	<u>\$ 104,399</u>	<u>\$ -</u>

**CITY OF TEHACHAPI  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR YEAR ENDED JUNE 30, 2009**

	Capital Equipment Replacement	Public Safety Capital Project Fee	Tehachapi Streetscape
<b>ASSETS</b>			
Cash and short-term investments	\$ 120,985	\$ 532,170	\$ -
Receivables (net allowances)	-	-	-
Internal balances	-	409,765	-
Total assets	\$ 120,985	\$ 941,935	\$ -
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ 261	\$ -
Due to other funds	-	409,765	-
Total liabilities	-	410,026	-
Fund balances:			
Unreserved	120,985	531,909	-
Total fund balances	120,985	531,909	-
Total liabilities and fund balances	\$ 120,985	\$ 941,935	\$ -

**CITY OF TEHACHAPI  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR YEAR ENDED JUNE 30, 2009**

	BeeKay Theater	Downtown Master Plan	Parks & Rec. Capital Project
<b>ASSETS</b>			
Cash and short-term investments	\$ -	\$ -	\$ 241,972
Receivables (net allowances)	220,000	-	-
Internal balances	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 220,000</u>	<u>\$ -</u>	<u>\$ 241,972</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 153	\$ 10,178	\$ 5,103
Due to other funds	88,322	21,370	-
	<u>88,475</u>	<u>31,548</u>	<u>5,103</u>
Total liabilities	<u>88,475</u>	<u>31,548</u>	<u>5,103</u>
Fund balances:			
Unreserved	<u>131,525</u>	<u>(31,548)</u>	<u>236,869</u>
Total fund balances	<u>131,525</u>	<u>(31,548)</u>	<u>236,869</u>
Total liabilities and fund balances	<u>\$ 220,000</u>	<u>\$ -</u>	<u>\$ 241,972</u>

**CITY OF TEHACHAPI  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR YEAR ENDED JUNE 30, 2009**

	Challenger Drive Exit	Tehachapi Centennial Plaza	General Plan Update
<b>ASSETS</b>			
Cash and short-term investments	\$ -	\$ -	\$ 245,160
Receivables (net allowances)	-	-	-
Internal balances	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,160</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 14,612	\$ 4,018	\$ 71,098
Due to other funds	3,888	15,142	-
	<u>18,500</u>	<u>19,160</u>	<u>71,098</u>
Total liabilities	<u>18,500</u>	<u>19,160</u>	<u>71,098</u>
Fund balances:			
Unreserved	<u>(18,500)</u>	<u>(19,160)</u>	<u>174,062</u>
Total fund balances	<u>(18,500)</u>	<u>(19,160)</u>	<u>174,062</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,160</u>

**CITY OF TEHACHAPI  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR YEAR ENDED JUNE 30, 2009**

	Green Street Lighting Project	Total Nonmajor
<b>ASSETS</b>		
Cash and short-term investments	\$ -	\$ 1,290,981
Receivables (net allowances)	-	220,000
Internal balances	-	409,765
Total assets	\$ -	\$ 1,920,746
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$ 371	\$ 148,511
Due to other funds	38,848	577,335
Total liabilities	39,219	725,846
Fund balances:		
Unreserved	(39,219)	1,194,900
Total fund balances	(39,219)	1,194,900
Total liabilities and fund balances	\$ -	\$ 1,920,746

**CITY OF TEHACHAPI  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR YEAR ENDED JUNE 30, 2009**

	Tucker Road/ Valley Blvd. Exchange	Railroad Depot	Misc. Capital Projects
<b>REVENUES</b>			
Grants	\$ -	\$ -	\$ -
Charges for services	-	-	-
Intergovernmental	-	-	-
Other sources of funds	-	19,992	-
Interest	776	249	-
Miscellaneous	-	686,503	-
	<u>776</u>	<u>706,744</u>	<u>-</u>
Total revenues	<u>776</u>	<u>706,744</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current:			
Administration	-	-	-
Public works	-	-	-
Planning	-	233,448	-
	<u>-</u>	<u>233,448</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>233,448</u>	<u>-</u>
Excess of revenues over expenditures	<u>776</u>	<u>473,296</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	45,000
Transfers out	(231)	-	(714)
	<u>(231)</u>	<u>-</u>	<u>44,286</u>
Total other financing sources (uses)	<u>(231)</u>	<u>-</u>	<u>44,286</u>
Net change in fund balances	545	473,296	44,286
Fund balances - beginning	<u>45,750</u>	<u>(411,614)</u>	<u>(44,286)</u>
Fund balances - ending	<u>\$ 46,295</u>	<u>\$ 61,682</u>	<u>\$ -</u>

**CITY OF TEHACHAPI  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR YEAR ENDED JUNE 30, 2009**

	Capital Equipment Replacement	Public Safety Capital Project Fee	Tehachapi Streetscape
<b>REVENUES</b>			
Grants	\$ -	\$ -	\$ 29,821
Charges for services	-	79,786	-
Intergovernmental	-	-	-
Other sources of funds	-	-	-
Interest	-	9,348	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	-	89,134	29,821
<b>EXPENDITURES</b>			
Current:			
Administration	-	-	-
Public works	-	8,706	-
Planning	-	-	1,669
	<hr/>	<hr/>	<hr/>
Total expenditures	-	8,706	1,669
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	-	80,428	28,152
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	(27,865)
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	(27,865)
	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	80,428	287
	<hr/>	<hr/>	<hr/>
Fund balances - beginning	120,985	451,481	(287)
	<hr/>	<hr/>	<hr/>
Fund balances - ending	\$ 120,985	\$ 531,909	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF TEHACHAPI  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR YEAR ENDED JUNE 30, 2009**

	BeeKay Theater	Downtown Master Plan	Parks & Rec. Capital Project
<b>REVENUES</b>			
Grants	\$ -	\$ -	\$ -
Charges for services	-	-	-
Intergovernmental	220,000	-	-
Other sources of funds	-	-	42,740
Interest	-	-	6,989
Miscellaneous	-	-	-
<b>Total revenues</b>	<b>220,000</b>	<b>-</b>	<b>49,729</b>
<b>EXPENDITURES</b>			
Current:			
Administration	-	-	-
Public works	416	13,623	275
Planning	668,118	108,572	84,623
<b>Total expenditures</b>	<b>668,534</b>	<b>122,195</b>	<b>84,898</b>
Excess of revenues over expenditures	(448,534)	(122,195)	(35,169)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	550,000	100,000	714
Transfers out	-	-	(164,813)
<b>Total other financing sources (uses)</b>	<b>550,000</b>	<b>100,000</b>	<b>(164,099)</b>
<b>Net change in fund balances</b>	<b>101,466</b>	<b>(22,195)</b>	<b>(199,268)</b>
Fund balances - beginning	30,059	(9,353)	436,137
<b>Fund balances - ending</b>	<b>\$ 131,525</b>	<b>\$ (31,548)</b>	<b>\$ 236,869</b>

**CITY OF TEHACHAPI  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR YEAR ENDED JUNE 30, 2009**

	Challenger Drive Exit	Tehachapi Centennial Plaza	General Plan Update
<b>REVENUES</b>			
Grants	\$ -	\$ -	\$ -
Charges for services	-	-	-
Intergovernmental	-	-	-
Other sources of funds	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	<hr/> -	<hr/> -	<hr/> -
<b>EXPENDITURES</b>			
Current:			
Administration	-	-	513
Public works	-	417	300,608
Planning	21,404	3,738	389
	<hr/>	<hr/>	<hr/>
Total expenditures	<hr/> 21,404	<hr/> 4,155	<hr/> 301,510
Excess of revenues over expenditures	<hr/> (21,404)	<hr/> (4,155)	<hr/> (301,510)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	15,000	-	500,000
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	<hr/> 15,000	<hr/> -	<hr/> 500,000
Net change in fund balances	(6,404)	(4,155)	198,490
Fund balances - beginning	<hr/> (12,096)	<hr/> (15,005)	<hr/> (24,428)
Fund balances - ending	<hr/> <u>\$ (18,500)</u>	<hr/> <u>\$ (19,160)</u>	<hr/> <u>\$ 174,062</u>

**CITY OF TEHACHAPI  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
FOR YEAR ENDED JUNE 30, 2009**

	Green Street Lighting Project	Total Nonmajor
<b>REVENUES</b>		
Grants	\$ -	\$ 29,821
Charges for services	-	79,786
Intergovernmental	-	220,000
Other sources of funds	-	62,732
Interest	-	17,362
Miscellaneous	-	686,503
Total revenues	-	1,096,204
<b>EXPENDITURES</b>		
Current:		
Administration	-	513
Public works	3,038	327,083
Planning	-	1,121,961
Total expenditures	3,038	1,449,557
Excess of revenues over expenditures	(3,038)	(353,353)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	1,182,849
Transfers out	-	(165,758)
Total other financing sources (uses)	-	1,017,091
Net change in fund balances	(3,038)	663,738
Fund balances - beginning	(36,181)	531,162
Fund balances - ending	\$ (39,219)	\$ 1,194,900

**CITY OF TEHACHAPI  
COMBINING STATEMENT OF NET ASSETS  
NONMAJOR PROPRIETARY FUNDS  
JUNE 30, 2009**

	<u>Transit</u>	<u>Community Development Department</u>	<u>Total Nonmajor</u>
<b>ASSETS</b>			
Current assets:			
Receivables (net of allowance)	\$ 30,872	\$ -	\$ 30,872
Total current assets	<u>30,872</u>	<u>-</u>	<u>30,872</u>
Noncurrent assets:			
Deferred charges	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 30,872</u>	<u>\$ -</u>	<u>\$ 30,872</u>
<b>LIABILITIES</b>			
Current liabilities:			
Deffered Revenue	\$ 11,593	\$ -	\$ 11,593
Accounts payable	15,596	-	15,596
Due to other funds	<u>3,683</u>	<u>-</u>	<u>3,683</u>
Total current liabilities	<u>30,872</u>	<u>-</u>	<u>30,872</u>
Total liabilities	<u>30,872</u>	<u>-</u>	<u>30,872</u>
<b>NET ASSETS</b>			
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF TEHACHAPI  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET ASSETS  
 NONMAJOR PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2009**

	Transit	Community Development Department	Total Nonmajor
<b>OPERATING EXPENSES:</b>			
Personnel services	\$ 24,036	\$ -	\$ 24,036
Maintenance and operations	106,103	-	106,103
Total operating expenses	<u>130,139</u>	<u>-</u>	<u>130,139</u>
<b>OPERATING LOSS</b>	<u>(130,139)</u>	<u>-</u>	<u>(130,139)</u>
Nonoperating revenues:			
Intergovernmental	130,139	-	130,139
Total nonoperating revenues	<u>130,139</u>	<u>-</u>	<u>130,139</u>
Income before operating transfers	<u>-</u>	<u>-</u>	<u>-</u>
Transfers in	-	460,028	460,028
Transfers out	-	(25,615)	(25,615)
Total transfers in	<u>-</u>	<u>434,413</u>	<u>434,413</u>
Change in net assets	-	434,413	434,413
Net assets - beginning	<u>-</u>	<u>(434,413)</u>	<u>(434,413)</u>
<b>NET ASSETS - ENDING</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF TEHACHAPI  
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS  
 JUNE 30, 2009**

	Capital Hills 89-1	Tucker Road 87-1	East Tehachapi Blvd. Project 89-3	Summit 89-2
<b>ASSETS</b>				
Cash and short-term investments	\$ 1,304,588	\$ 86,948	\$ 22,645	\$ -
Short term investments	-	-	39,898	-
Receivables (net allowances)	-	-	18,698	-
Advances to other funds	-	-	-	-
Other assets	-	-	25,115	190,848
	<u>1,304,588</u>	<u>86,948</u>	<u>106,356</u>	<u>190,848</u>
Total assets	<u>\$ 1,304,588</u>	<u>\$ 86,948</u>	<u>\$ 106,356</u>	<u>\$ 190,848</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Deposits	\$ -	\$ -	\$ -	\$ -
Advances from other funds	-	-	-	98,233
Due to other funds	-	-	-	54,600
Due to bond holders	1,304,588	86,948	106,356	38,015
	<u>1,304,588</u>	<u>86,948</u>	<u>106,356</u>	<u>38,015</u>
Total liabilities	<u>\$ 1,304,588</u>	<u>\$ 86,948</u>	<u>\$ 106,356</u>	<u>\$ 190,848</u>

**CITY OF TEHACHAPI  
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2009**

	Tehachapi Meadows 90-1	Special Districts Revolving Fund	Total Trust and Agency Funds
<b>ASSETS</b>			
Cash and short-term investments	\$ 590,745	\$ -	\$ 2,004,926
Short term investments	12,090	-	51,988
Receivables (net allowances)	-	-	18,698
Advances to other funds	-	159,799	159,799
Other assets	-	-	215,963
	<u>\$ 602,835</u>	<u>\$ 159,799</u>	<u>\$ 2,451,374</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Deposits	\$ 27,865	\$ -	\$ 27,865
Advances from other funds	61,566	159,799	319,598
Due to other funds	-	-	54,600
Due to bond holders	513,404	-	2,049,311
	<u>\$ 602,835</u>	<u>\$ 159,799</u>	<u>\$ 2,451,374</u>