

CITY OF TEHACHAPI
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2014

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Annual Financial Report
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FINANCIAL SECTION



Independent Auditor's Report

The Honorable City Council
City of Tehachapi, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tehachapi, California (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 of Tehachapi, California, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tehachapi's financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial

statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Van Lant + Fankhaed, LLP

December 22, 2014

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, 2014. The City encourages readers to consider the financial statements and notes presented here in conjunction with the financial statements which are included with this report.

Financial Highlights

- The City's net position decreased 5% to \$51,861,981 from \$54,485,806 as a result of this year's operations.
- Total City revenues, including program and general revenues, were \$14,644,388 which is \$2,032,739 less than the prior year.
- Net position in governmental activities decreased by \$2,912,031 to \$34,956,632.
- Net position in business activities increased by \$288,208 to \$16,905,351.
- Governmental revenue decreased by \$1,989,543 to \$7,803,093.
- Governmental expense was increased by \$1,558,383 to \$9,268,614.
- Revenues from business-type activities decreased by \$43,196 to \$6,841,295.
- Expenses from business-type activities increased by \$612,291 to \$6,553,087.
- General fund revenue was decreased by \$22,861 to \$7,069,378.
- General fund balance as of June 30, 2014 is \$7,638,553; a decrease of \$526,263 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. Government-wide Financial Statements, Fund Financial Statements and Notes to Financial Statements
2. Required Supplementary Information
3. 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 the following:

- General Government: administration, finance and accounting, human resources, legal, city clerk, etc.
- Public Works: road maintenance, city engineer and building maintenance

- Public Safety: Police and fire services
- Community Development: Planning, building inspections and community development
- Interest: Interest payments on loans

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 funds. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

The basic financial statements are comprised of the following:

- Statement of Net Position

The Statement of Net Position is prepared using accounting principles that are similar to commercial enterprises. The purpose of the Statement of Net Position 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 position* 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 position in general, increases or decreases of net position 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 position* 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 composed of three categories: governmental funds, proprietary funds and fiduciary 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.

The City of Tehachapi maintains 44 active individual governmental funds. 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, Street and Roads Fund, Challenger Drive Extension capital project fund, and New Police Building capital project fund which are considered to be major funds. Data from the other 40 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, Airport and Refuse funds to be major funds whereas the Transit fund is categorized as a non-major proprietary fund.

Fiduciary Funds

The City's fiduciary fund activities are reported in a separate section of this report under Statement of Fiduciary Net Position. These activities are excluded from the City's other financial statements because they do not pertain to the City as it cannot use assets belonging to fiduciary funds to finance its operations. Financial activities included in the fiduciary statement consist of the Successor Agency to the former Tehachapi RDA (Successor Agency), Special Assessment Districts (AD) and Community Facilities District (CFD).

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 and Supplementary Information. The Required Supplementary Information section includes budgetary comparison schedules for major governmental funds and the Supplementary Information section includes illustration of conditions and activities for all non-major funds as well as special districts agency 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 based on the information included in the government-wide financial statements. Net Position may serve over time as an indicator of a government's financial position. For the City of Tehachapi, assets exceeded liabilities by \$51,861,983 at June 30, 2014.

The largest portion of the City's net position is in investments in capital assets. The Net Investment in Capital Assets (e.g. land, infrastructures, buildings, machineries and equipment) was increased to \$43,212,750 (83% of total net position) from \$41,169,979. The increase of \$2,042,771 was contributed mainly by the costs of construction for the new police building.

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, as the capital assets themselves cannot be used to liquidate these liabilities.

The restricted fund balance was increased from the prior year by \$3,548,658. The increase was due to a loan from General Fund to Public Safety Facility Impact Fee fund to finance the construction of the new Police building. This loan will eventually be paid by future Public Safety Facility Fees.

The unrestricted fund balance was decreased to \$3,907,618 from \$8,194,324. The major reasons for the decrease are listed below:

- \$3.5 million payment for the construction of New police building
- \$1.4 million was returned to Tehachapi Redevelopment's (Successor Agency) bond proceed funds by the General Fund and Street and Road Fund. This represents expenses paid from January 1, 2011 through June 30, 2012 for certain capital projects that the State of California Department of Finance deemed to be unenforceable obligations.

Summary of Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	6,979,709	11,413,665	3,922,950	3,538,196	10,902,659	14,951,861
Capital Assets	30,283,115	28,212,876	18,572,105	19,052,856	48,855,220	47,265,732
Total Assets	<u>37,262,824</u>	<u>39,626,541</u>	<u>22,495,055</u>	<u>22,591,052</u>	<u>59,757,879</u>	<u>62,217,593</u>
Current Liabilities	1,565,417	921,444	779,671	701,986	2,345,088	1,623,430
Long-term Liabilities	740,775	836,434	4,810,033	5,271,923	5,550,808	6,108,357
Total Liabilities	<u>2,306,192</u>	<u>1,757,878</u>	<u>5,589,704</u>	<u>5,973,909</u>	<u>7,895,896</u>	<u>7,731,787</u>
Net Investment in Capital Assets	29,619,903	27,522,736	13,592,847	13,647,243	43,212,750	41,169,979
Restricted	1,408,183	1,750,367	3,333,432	3,371,136	4,741,615	5,121,503
Unrestricted	3,928,546	8,595,560	(20,928)	(401,236)	3,907,618	8,194,324
Total Net Position	<u>34,956,632</u>	<u>37,868,663</u>	<u>16,905,351</u>	<u>16,617,143</u>	<u>51,861,983</u>	<u>54,485,806</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 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 decreased the City's net position by \$2,912,031 thereby accounting for 67% of the City's total net position. This decrease is mainly due to use of funds for construction of New Police Building and reimbursement to Successor Agency for RDA projects which were considered as unobligated items by the State of California, Department of Finance.

Business-Type Activities

The City operates five business-type activities. These activities are captured in Refuse, Water, Sewer, Transit and Airport funds. While the City wide total net position was decreased by \$2,623,823, the net position in business type activities was increased by \$288,208. The increase is due to unspent water connection fees collected during the fiscal year.

Statement of Activities

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenue						
Program Revenues:						
Charges for Services	946,329	1,370,266	6,226,599	6,338,533	7,172,928	7,708,799
Operating contribution & Grant	606,281	726,682	440,453	151,973	1,046,734	878,655
Capital Grants & Contribution	1,311,289	1,495,913	33,290	200,409	1,344,579	1,696,322
General Revenues:						
Property taxes	1,187,822	1,266,510			1,187,822	1,266,510
Sales Taxes	1,986,771	1,842,393			1,986,771	1,842,393
Other Taxes	1,884,570	1,536,684			1,884,570	1,536,684
License and permits	1,204,395	1,191,288			1,204,395	1,191,288
Other sources of funds					-	-
Miscellaneous	238,008	436,300	118,296	73,881	356,304	510,181
Interest	37,005	41,022	19,514	5,273	56,519	46,295
Loss on Disposal	(189,709)				(189,709)	-
Transfer to Fiduciary Fund	(1,406,525)				(1,406,525)	-
Transfers	(3,143)	(114,422)	3,143	114,422	-	-
	<u>7,803,093</u>	<u>9,792,636</u>	<u>6,841,295</u>	<u>6,884,491</u>	<u>14,644,388</u>	<u>16,677,127</u>
Expenses						
Primary Government						
General Government	2,709,575	619,917			2,709,575	619,917
Public Works	1,834,154	4,243,430			1,834,154	4,243,430
Police	3,181,899	2,824,312			3,181,899	2,824,312
Community Development	1,521,265				1,521,265	-
Interest	21,721	22,572			21,721	22,572
Business-type Activities						
Refuse			1,168,082	1,025,326	1,168,082	1,025,326
Water			2,129,184	1,870,875	2,129,184	1,870,875
Sewer			2,032,645	1,893,294	2,032,645	1,893,294
Transit			183,382	171,642	183,382	171,642
Airport			1,039,794	979,657	1,039,794	979,657
Total Expense	<u>9,268,614</u>	<u>7,710,231</u>	<u>6,553,087</u>	<u>5,940,794</u>	<u>15,821,701</u>	<u>13,651,025</u>
Extraordinary Items						
Change in Net Assets	(1,465,521)	2,082,405	288,208	943,697	(1,177,313)	3,026,102
Net Assets at beginning of yr	37,868,663	35,786,258	16,617,143	15,923,229	54,485,806	51,709,487
Prior Period Adj	(1,446,510)			(249,783)	(1,446,510)	(249,783)
Net Assets at end of year	<u>34,956,632</u>	<u>37,868,663</u>	<u>16,905,351</u>	<u>16,617,143</u>	<u>51,861,983</u>	<u>54,485,806</u>

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, 2014, the City's governmental funds reported a combined ending fund balance of \$4,784,741. This number shows an approximate 53% (\$5,421,948) fund balance decrease from the prior year. The reasons for this decrease parallel those provided for the decrease in unrestricted fund balance as illustrated earlier in this report.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance in the General Fund was \$7,638,553 which includes \$5,311,956 of Non-spendable fund balance. The non-spendable funds consist of advances made to other funds such as Airport, special district funds and various capital project funds. Although the amount is labeled as advances, there is a possibility that the General Fund may end up writing off some of the advances in a manner of an operating transfer as we have in past years. In fiscal year 2000/01, the General Fund wrote off an outstanding loan balance of \$359,533 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.

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

Among the four major governmental funds, three governmental funds resulted in negative fund balances at the end of this fiscal year. These funds are Streets and Roads fund, Challenger Drive Extension capital project fund (Challenger Project Fund) and New Police Building capital project fund. The final fund balances of these funds are all negative \$228,838, \$324,907 and \$3,523,515 respectively.

The negative fund balance in Streets and Roads fund will be replenished by available Transportation Development Act funds (TDA funds) for the City during the next fiscal year while the Challenger Project Fund's negative fund balance will be remedied by a grant which is to be paid by the State of California. However, the fund shortage in New Police Building capital project fund will be covered by a loan from the General Fund to be paid when enough Facility Impact development fees are collected in the future.

Special revenue funds, street maintenance funds and miscellaneous capital project funds are included in Other Governmental Funds. The majority of special revenue funds are various development fee funds with a specific purpose for the use of funds. The combined fund balance from other Governmental Funds is \$1,223,448.

Proprietary Fund

The balances in net position of major proprietary funds such as, Water, Sewer, Airport and Refuse funds are \$6,726,498, \$9,033,448, \$818,229 and \$330,150 respectively. The unrestricted net position of the Water and Sewer funds at the end of the fiscal year are \$336,956 and \$611,463 respectively.

The balance of unrestricted net position in water fund was increased by \$441,329 from the prior year. The additional unrestricted funds are due to revenues from connection fees. The prior year's negative balance in net position in Water Fund was due to the internally funded Water Capacity Increase capital projects completed in year 2008. This decision resulted in over a half-million dollar cost savings to the Water Fund since the internal funding eliminates the need to pay issuance costs as well as interest payments associated with issuing bonds. In addition, by not having additional bonds outstanding, the water fund will have more leverage when issuing bonds in the future to pay for bigger capital projects.

As of June 30, 2014, the Airport Fund owes \$1,519,058 to the General Fund. This loan is a result of continuous deficits in Airport Fund operations.

GENERAL FUND BUDGETARY HIGHLIGHTS

A detailed budgetary comparison schedule for the year ended June 30, 2014 is presented as Required Supplementary Information following the notes to the financial statements. The final budget amounts differ from those presented in the 2013/14 – 2017/18 original five-year budget documents. This modification is a result of changes that occurred between the original budget and the mid-year budget adjustments.

General Fund

	Original Budget	Final Budget	2013/14 Actual	Variance Actual vs. Final Budget (Negative)
Revenues incl. Other Sources	5,995,010	6,432,781	7,069,378	636,597
Expenditures incl. Other Uses	5,991,051	7,343,399	7,595,641	(252,242)
Net changes in fund balances	3,959	(910,618)	(526,263)	384,355
Fund Balance Beginning (Adjusted)	8,164,816	8,164,816	8,164,816	0
Fund Balance - Ending	8,168,775	7,254,198	7,638,553	384,355

Overall, the General Fund actual ending fund balance is \$384,355 more than what was budgeted in the final budget. The major contributions to positive revenue variance are generated from sales tax (\$181,966), landscape, construction and miscellaneous staff labor charges (\$163,643), property tax (\$54,443) and transient occupancy tax (\$110,251). While General Fund revenues yield \$636,597 favorable variance when compared with the budget, the overall General Fund expenditures resulted in \$252,242 unfavorable variance.

During fiscal year 2013/14, the status of the general economy has improved from the recession of the last few years. It seems the increase in sales tax was affected by the growth of economy as

well as high gasoline prices during the year. Another substantial General Fund revenue increase was from the transient occupancy tax (TOT) which is also known as lodging tax. This is mainly due to additional payments received from one of the hotels and their effort to settle their account that had turned delinquent in previous years. Another reason for the TOT increase was contributed by the room occupancy rate hike.

The departments in General Fund that caused unfavorable variances to budgets are General Government (\$82,007), Community Development (\$25,013), Police department (\$188,680); and City Park maintenance fund (13,390).

CAPITAL & DEBT ADMINISTRATION

Capital Assets

	Governmental Activities	Business-type Activities	Totals
Non-Depreciable Assets:			
Land	800,789	728,399	1,529,188
Water Rights		1,829,036	1,829,036
Construction in Progress	8,337,190	129,251	8,466,441
Total non-depreciable assets	9,137,979	2,686,686	11,824,665
Depreciable Assets (net of accumulated depreciation)			
Buildings	2,302,092	8,407,288	10,709,380
Machinery and equipment	319,229	716,089	1,035,318
Improvements other than building	18,287,654	6,762,042	25,049,696
Parks	236,161		236,161
Other			
Total depreciable assets-net	21,145,136	15,885,419	37,030,555
Total Capital Assets	30,283,115	18,572,105	48,855,220

The City of Tehachapi's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$48,855,220 (net of accumulated depreciation) which is a \$1,589,488 increase from fiscal year 2012/13. The construction costs spent for the New Police Facility is main reason for increase in capital assets total.

During this fiscal year, the City sold the record center located on Pinon Street at the price of \$165,750. The proceeds from the sale will consequently be used to remodel the former police building to facilitate the Engineering and Community Development departments.

This investment in capital assets includes land, buildings, improvements, machineries 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 2-C.

Long-Term Debt

	Governmental Activities	Business-type Activities	Totals
Bonds	0	2,860,549	2,860,549
Loans		1,982,871	1,982,871
Capital Leases	663,212	135,838	799,050
Compensated absences	168,325	117,484	285,809
Total Long-Term Liabilities	831,537	5,096,742	5,928,279

The City of Tehachapi's total long term debt decreased by \$469,012 compared to the last fiscal year. No new debts were issued during the fiscal year. The reduction in debt was from the debt service payments made during the year.

State statutes limit the amount of general obligation debt a governmental entity may issue to fifteen percent of its total assessed valuation. The City has not exceeded this limit.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In June, 2014, the Council adopted the 2014/15 through 2018/19 five-year budget, with total appropriations of \$16,375,031 in fiscal year 2014/15. The following factors were taken into consideration for the next fiscal year budget:

- No cost of living increase is granted to employees.
- The 2014/15 General Fund revenue budget (\$6,232,073) was projected at \$837,305 less than the actual revenue received in 2013/14. A \$100,000 COPS grant is not included in this budget since there is no certainty that the State will continue with its funding. No administration fee from Successor Agency is included in the General Fund revenue budget since the tax increment revenues for Successor Agency are barely sufficient to make the annual debt service payments.
- The 2014/15 General Fund expenditure budget (\$6,227,040) was projected at \$1,368,601 less than the actual expenditure in 2013/14. The main reason for the reduction is the return of \$1,083,912 to Successor Agency from the General Fund in 2013/14.
- An average of 29 equivalent dwelling units (EDU) were considered for new water connections and 43 EDU's were the basis for sewer connection fees revenue budget calculation.
- Other development related impact fees such as facilities impact, traffic mitigation, and park and recreation capital improvement were estimated based on the same development assumptions as with water and sewer.
- Various capital projects included in this budget:
 - Two police vehicle replacements \$62,200
 - IT related equipment and computers \$77,000

- Fire services contract \$82,730 (not including the City's portion of fire fee from the property tax that Kern County keeps)
- Community Promotion \$66,000
- Snyder Well Intertie \$550,000
- Process Water Project \$160,000
- Water truck and equipment \$70,000
- Sewer plant Headworks Screw re-coat \$60,000
- Airport truck \$35,360 (50% will be paid by DMV grant)
- Challenger Drive Extension Project \$359,332
- Safe Route to School-Pinon/Curry, \$334,365
- Alternative Transportation Program \$454,000

As always, this budget was put together in a very conservative manner. Although our City is fortunate enough to generate a positive overall fund balance, the City is not putting its guard down in securing its financial stability.

The economy has improved during the last few years after the Great Recession. The unemployment rate has declined substantially as the job market gradually gains. The economic outlook is positive for 2014 and 2015. The economists are forecasting approximately 3% GDP growth in 2015. When it comes to the interest rate prediction, the consensus is "Higher interest rate is coming." The good news is that the economy has been and continues to head toward a positive direction.

BASIC FINANCIAL STATEMENTS

City of Tehachapi
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 2,566,687	\$ 4,556,776	\$ 7,123,463
Receivables (Net of Allowance)	1,852,559	970,396	2,822,955
Due from Agency Funds	516,194	-	516,194
Internal Balances	1,950,289	(1,950,289)	-
Restricted Cash and Investments	-	110,516	110,516
Prepays	93,980	551	94,531
Capital Assets, Not Being Depreciated	9,137,979	2,686,686	11,824,665
Capital Assets, Depreciated, Net	21,145,136	15,885,419	37,030,555
Other	-	235,000	235,000
	<u>37,262,824</u>	<u>22,495,055</u>	<u>59,757,879</u>
Total Assets			
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,244,288	338,999	1,583,287
Accrued Liabilities	203,645	15,601	219,246
Accrued Interest Payable	-	22,846	22,846
Deposits Payable	26,722	115,516	142,238
Noncurrent Liabilities:			
Due within One Year	90,762	286,709	377,471
Due in More Than One Year	740,775	4,810,033	5,550,808
	<u>2,306,192</u>	<u>5,589,704</u>	<u>7,895,896</u>
Total Liabilities			
NET POSITION			
Net Investment in Capital Assets	29,619,903	13,592,847	43,212,750
Restricted for:			
Maintenance of Water Lines	-	107,434	107,434
Construction and Expansion of Facilities	-	3,225,998	3,225,998
Highways and Streets	1,263,120	-	1,263,120
Development	51,522	-	51,522
Public Safety	93,541	-	93,541
Unrestricted	3,928,546	(20,928)	3,907,618
	<u>\$ 34,956,632</u>	<u>\$ 16,905,351</u>	<u>\$ 51,861,983</u>
Total Net Position			

The accompanying notes are an integral part of this statement.

City of Tehachapi
Statement of Activities
Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 2,709,575	\$ 598,282	\$ 15,015	\$ -
Public Works	1,834,154	263,888	11,352	1,311,289
Public Safety	3,181,899	84,159	570,597	-
Community Development	1,521,265	-	9,317	-
Interest	21,721	-	-	-
Total Governmental Activities	9,268,614	946,329	606,281	1,311,289
Business-type Activities:				
Water	2,129,184	2,374,272	-	-
Sewer	2,032,645	1,953,530	-	33,290
Airport	1,039,794	714,825	238,737	-
Refuse	1,168,082	1,179,008	-	-
Transit	183,382	4,964	201,716	-
Total Business-type Activities	6,553,087	6,226,599	440,453	33,290
Total Primary Government	\$ 15,821,701	\$ 7,172,928	\$ 1,046,734	\$ 1,344,579

General Revenues:
Property Taxes
Sales and Use Taxes
Property Tax in Lieu
Transient Occupancy Tax
Licenses and Permits
Franchise Tax
Other Taxes
Miscellaneous Revenues
Investment Earnings
Loss on Disposal
Transfers In (Out)
Transfer to Fiduciary Fund

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Restatement of Net Position

Net Position - End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (2,096,278)	\$ -	\$ (2,096,278)
(247,625)	-	(247,625)
(2,527,143)	-	(2,527,143)
(1,511,948)	-	(1,511,948)
(21,721)	-	(21,721)
<u>(6,404,715)</u>	<u>-</u>	<u>(6,404,715)</u>
-	245,088	245,088
-	(45,825)	(45,825)
-	(86,232)	(86,232)
-	10,926	10,926
-	23,298	23,298
<u>-</u>	<u>147,255</u>	<u>147,255</u>
<u>(6,404,715)</u>	<u>147,255</u>	<u>(6,257,460)</u>
1,187,822	-	1,187,822
1,986,771	-	1,986,771
622,826	-	622,826
830,251	-	830,251
1,204,395	-	1,204,395
196,623	-	196,623
234,870	-	234,870
238,008	118,296	356,304
37,005	19,514	56,519
(189,709)	-	(189,709)
(3,143)	3,143	-
(1,406,525)	-	(1,406,525)
<u>4,939,194</u>	<u>140,953</u>	<u>5,080,147</u>
(1,465,521)	288,208	(1,177,313)
37,868,663	16,617,143	54,485,806
(1,446,510)	-	(1,446,510)
<u>\$ 34,956,632</u>	<u>\$ 16,905,351</u>	<u>\$ 51,861,983</u>

The accompanying notes are an integral part of this statement.

**City of Tehachapi
Balance Sheet
Governmental Funds
June 30, 2014**

	General Fund	Streets and Roads	Challenger Dr. Extension Capital Projects Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Investments	\$ 669,080	\$ -	\$ -
Receivables	704,099	-	499,885
Due from Fiduciary Funds	516,194	-	-
Due from Other Funds	857,521	-	-
Prepays	93,980	-	-
Advances to Other Funds	5,217,976	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 8,058,850</u>	<u>\$ -</u>	<u>\$ 499,885</u>
LIABILITIES			
Accounts Payable	\$ 189,930	\$ -	\$ 381,882
Accrued Liabilities	203,645	-	-
Due to Other Funds	-	228,838	135,677
Deposits Payable	26,722	-	-
Advances from Other Funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>420,297</u>	<u>228,838</u>	<u>517,559</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Grants	-	-	307,233
	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>307,233</u>
FUND BALANCES			
Nonspendable	5,311,956	-	-
Restricted	-	-	-
Committed	887,757	-	-
Assigned	-	-	-
Unassigned	1,438,840	(228,838)	(324,907)
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>7,638,553</u>	<u>(228,838)</u>	<u>(324,907)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,058,850</u>	<u>\$ -</u>	<u>\$ 499,885</u>

The accompanying notes are an integral part of this statement.

New Police Building Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,897,607	\$ 2,566,687
-	648,575	1,852,559
-	-	516,194
-	-	857,521
-	-	93,980
-	-	5,217,976
<u>\$ -</u>	<u>\$ 2,546,182</u>	<u>\$ 11,104,917</u>
\$ 255,828	\$ 416,648	\$ 1,244,288
-	-	203,645
-	493,006	857,521
-	-	26,722
3,267,687	-	3,267,687
<u>3,523,515</u>	<u>909,654</u>	<u>5,599,863</u>
-	413,080	720,313
-	413,080	720,313
-	-	5,311,956
-	1,511,574	1,511,574
-	-	887,757
-	100,859	100,859
(3,523,515)	(388,985)	(3,027,405)
<u>(3,523,515)</u>	<u>1,223,448</u>	<u>4,784,741</u>
<u>\$ -</u>	<u>\$ 2,546,182</u>	<u>\$ 11,104,917</u>

The accompanying notes are an integral part of this statement.

City of Tehachapi
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2014

Fund Balances of Governmental Funds	\$	4,784,741
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:

Capital Assets		40,268,957
Accumulated Depreciation		(9,985,842)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:

Capital Leases Payable		(663,212)
Compensated Absences		(168,325)

Long-term assets are not available for current use. Amounts are deferred under the modified accrual basis of accounting.

		720,313
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Net Position of Governmental Activities	\$	34,956,632
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The accompanying notes are an integral part of this statement.

City of Tehachapi
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2014

	General Fund	Streets and Roads	Challenger Dr. Extension Capital Projects Fund
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Taxes	\$ 5,745,248	\$ -	\$ -
Licenses, Permits, and Fines	71,965	-	-
Intergovernmental	363,428	580,054	192,651
Charges for Services	540,430	-	-
Investment Earnings	28,075	269	-
Miscellaneous Revenues	300,164	-	350
	<u>7,049,310</u>	<u>580,323</u>	<u>193,001</u>
EXPENDITURES			
Current:			
General Government	1,429,523	-	-
Public Works	634,742	2,070	-
Public Safety	3,181,899	-	-
Community Development	1,112,422	-	-
Capital Outlay	-	28,731	676,925
Debt Service:			
Interest Expense	-	21,721	-
Principal	-	26,928	-
	<u>6,358,586</u>	<u>79,450</u>	<u>676,925</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>690,724</u>	<u>500,873</u>	<u>(483,924)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	20,068	-	-
Transfers Out	(153,143)	(407,098)	-
Transfer to Successor Agency	(1,083,912)	(322,613)	-
	<u>(1,216,987)</u>	<u>(729,711)</u>	<u>-</u>
Net Change in Fund Balances	(526,263)	(228,838)	(483,924)
Fund Balances, Beginning of Year	<u>8,164,816</u>	<u>-</u>	<u>159,017</u>
Fund Balances, End of Year	<u>\$ 7,638,553</u>	<u>\$ (228,838)</u>	<u>\$ (324,907)</u>

The accompanying notes are an integral part of this statement.

New Police Building Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 720,084	\$ 6,465,332
-	-	71,965
-	347,193	1,483,326
-	75,207	615,637
-	8,661	37,005
-	20,000	320,514
<u>-</u>	<u>1,171,145</u>	<u>8,993,779</u>
-	73,854	1,503,377
20,831	959,630	1,617,273
-	-	3,181,899
-	408,843	1,521,265
3,457,742	970,198	5,133,596
-	-	21,721
-	-	26,928
<u>3,478,573</u>	<u>2,412,525</u>	<u>13,006,059</u>
<u>(3,478,573)</u>	<u>(1,241,380)</u>	<u>(4,012,280)</u>
131,112	557,098	708,278
-	(151,180)	(711,421)
-	-	(1,406,525)
<u>131,112</u>	<u>405,918</u>	<u>(1,409,668)</u>
(3,347,461)	(835,462)	(5,421,948)
<u>(176,054)</u>	<u>2,058,910</u>	<u>10,206,689</u>
<u>\$ (3,523,515)</u>	<u>\$ 1,223,448</u>	<u>\$ 4,784,741</u>

The accompanying notes are an integral part of this statement.

City of Tehachapi
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2014

Net Changes in Fund Balances - Total Governmental Funds \$ (5,421,948)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlay	4,916,715
Depreciation Expense	(1,210,257)
Loss on Disposal of Capital Assets	(189,709)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Capital Leases	26,928
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Some revenues reported in the Statement of Activities are not considered available to finance current expenditures and therefore are not reported as revenues in the governmental funds.	408,691
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To record the net change in compensated absences in the Statement of Activities.	<u>4,059</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (1,465,521)</u></u>
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The accompanying notes are an integral part of this statement.

City of Tehachapi
Statement of Net Position
Proprietary Funds
June 30, 2014

	Water Fund	Sewer Fund	Airport Fund
ASSETS			
Current Assets:			
Cash and Investments	\$ 591,251	\$ 3,734,114	\$ 88,021
Accounts Receivable (Net of Allowance)	369,825	243,231	196,486
Restricted Cash and Investments	110,516	-	-
Prepays	101	450	-
Total Current Assets	<u>1,071,693</u>	<u>3,977,795</u>	<u>284,507</u>
Noncurrent Assets:			
Other Assets	-	-	-
Capital Assets, Not Being Depreciated	1,842,487	613,614	230,585
Capital Assets, Net of Accumulated Depreciation	4,871,793	9,088,641	1,924,985
Total Capital Assets (Net of Accumulated Depreciation)	<u>6,714,280</u>	<u>9,702,255</u>	<u>2,155,570</u>
Total Noncurrent Assets	<u>6,714,280</u>	<u>9,702,255</u>	<u>2,155,570</u>
Total Assets	<u>7,785,973</u>	<u>13,680,050</u>	<u>2,440,077</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	62,515	25,614	47,199
Accrued Liabilities	6,945	6,257	1,673
Accrued Interest Payable	4,348	17,467	1,031
Customer Deposits Payable	115,516	-	-
Compensated Absences - Current	16,309	15,772	3,847
Capital Leases Payable - Current	1,651	4,042	-
Notes and Bonds Payable - Current	23,083	208,296	10,891
Total Current Liabilities	<u>230,367</u>	<u>277,448</u>	<u>64,641</u>
Noncurrent Liabilities:			
Advances Payable	263,051	168,180	1,519,058
Compensated Absences	35,111	30,552	8,222
Capital Leases Payable	38,301	91,844	-
Notes and Bonds Payable	492,645	4,078,578	29,927
Total Noncurrent Liabilities	<u>829,108</u>	<u>4,369,154</u>	<u>1,557,207</u>
Total Liabilities	<u>1,059,475</u>	<u>4,646,602</u>	<u>1,621,848</u>
NET POSITION			
Net Investment in Capital Assets	6,158,600	5,319,495	2,114,752
Restricted:			
Maintenance of Water Lines	107,434	-	-
Construction and Expansion of Facilities	123,508	3,102,490	-
Unrestricted	336,956	611,463	(1,296,523)
Total Net Position	<u>\$ 6,726,498</u>	<u>\$ 9,033,448</u>	<u>\$ 818,229</u>

The accompanying notes are an integral part of this statement.

Refuse Fund	Nonmajor Transit Fund	Total
\$ 131,765	\$ 11,625	\$ 4,556,776
160,854	-	970,396
-	-	110,516
-	-	551
<u>292,619</u>	<u>11,625</u>	<u>5,638,239</u>
<u>235,000</u>	<u>-</u>	<u>235,000</u>
<u>-</u>	<u>-</u>	<u>2,686,686</u>
<u>-</u>	<u>-</u>	<u>15,885,419</u>
<u>-</u>	<u>-</u>	<u>18,572,105</u>
<u>235,000</u>	<u>-</u>	<u>18,807,105</u>
<u>527,619</u>	<u>11,625</u>	<u>24,445,344</u>
192,525	11,146	338,999
490	236	15,601
-	-	22,846
-	-	115,516
1,522	1,296	38,746
-	-	5,693
-	-	242,270
<u>194,537</u>	<u>12,678</u>	<u>779,671</u>
-	-	1,950,289
2,932	1,921	78,738
-	-	130,145
-	-	4,601,150
<u>2,932</u>	<u>1,921</u>	<u>6,760,322</u>
<u>197,469</u>	<u>14,599</u>	<u>7,539,993</u>
-	-	13,592,847
-	-	107,434
-	-	3,225,998
330,150	(2,974)	(20,928)
<u>\$ 330,150</u>	<u>\$ (2,974)</u>	<u>\$ 16,905,351</u>

The accompanying notes are an integral part of this statement.

City of Tehachapi
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2014

	Water Fund	Sewer Fund	Airport Fund
OPERATING REVENUES			
Charges for Services	\$ 2,374,272	\$ 1,953,530	\$ 714,825
Miscellaneous	87,714	29,656	789
Total Operating Revenues	<u>2,461,986</u>	<u>1,983,186</u>	<u>715,614</u>
OPERATING EXPENSES			
Personnel Services	950,215	829,041	228,093
Maintenance and Operations	893,937	532,688	646,289
Depreciation	250,360	505,825	163,088
Total Operating Expenses	<u>2,094,512</u>	<u>1,867,554</u>	<u>1,037,470</u>
Operating Income (Loss)	<u>367,474</u>	<u>115,632</u>	<u>(321,856)</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	-	-	238,737
Investment Earnings	2,420	16,397	-
Interest Expense	(34,672)	(165,091)	(2,324)
Total Nonoperating Revenues (Expenses)	<u>(32,252)</u>	<u>(148,694)</u>	<u>236,413</u>
Income (Loss) Before Capital Contributions and Operating Transfers	335,222	(33,062)	(85,443)
Capital Contributions	-	33,290	-
Transfers In	-	-	3,143
Transfers Out	-	-	-
Change in Net Position	<u>335,222</u>	<u>228</u>	<u>(82,300)</u>
Net Position - Beginning of Year	<u>6,391,276</u>	<u>9,033,220</u>	<u>900,529</u>
Net Position - End of Year	<u>\$ 6,726,498</u>	<u>\$ 9,033,448</u>	<u>\$ 818,229</u>

The accompanying notes are an integral part of this statement.

Refuse Fund	Nonmajor Transit Fund	Total
\$ 1,179,008	\$ 4,964	\$ 6,226,599
137	-	118,296
<u>1,179,145</u>	<u>4,964</u>	<u>6,344,895</u>
65,886	30,150	2,103,385
1,102,196	153,232	3,328,342
-	-	919,273
<u>1,168,082</u>	<u>183,382</u>	<u>6,351,000</u>
<u>11,063</u>	<u>(178,418)</u>	<u>(6,105)</u>
-	201,716	440,453
544	153	19,514
-	-	(202,087)
<u>544</u>	<u>201,869</u>	<u>257,880</u>
11,607	23,451	251,775
-	-	33,290
-	-	3,143
-	-	-
<u>11,607</u>	<u>23,451</u>	<u>288,208</u>
<u>318,543</u>	<u>(26,425)</u>	<u>16,617,143</u>
<u>\$ 330,150</u>	<u>\$ (2,974)</u>	<u>\$ 16,905,351</u>

The accompanying notes are an integral part of this statement.

City of Tehachapi
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2014

	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 2,462,880
Payments to Employees for Services	(953,159)
Payments to Suppliers for Goods and Services	(1,618,444)
Net Cash Provided (Used) by Operating Activities	(108,723)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Cash Received from Other Funds	-
Intergovernmental Revenue	-
Net Cash Provided (Used) by Noncapital and Related Financing Activities	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(118,382)
Interest Paid	(35,649)
Capital Grants	-
Proceeds from Loans	-
Payments on Interfund Advance	(168,953)
Payments on Capital Lease Obligations	(1,623)
Payments on Long-term Debt	(21,747)
Net Cash Provided (Used) by Capital and Related Financing Activities	(346,354)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	2,420
Net Cash Provided (Used) by Investing Activities	2,420
Net Increase (Decrease) in Cash and Cash Equivalents	(452,657)
Cash and Cash Equivalents, Beginning of the Year	1,154,424
Cash and Cash Equivalents, End of the Year	\$ 701,767

The accompanying notes are an integral part of this statement.

Sewer Fund	Airport Fund	Refuse Fund	Nonmajor Transit Fund	Total
\$ 1,978,034	\$ 716,649	\$ 1,176,385	\$ 122,374	\$ 6,456,322
(835,290)	(228,833)	(65,886)	(30,150)	(2,113,318)
(543,853)	(227,361)	(1,008,565)	(282,468)	(3,680,691)
598,891	260,455	101,934	(190,244)	662,313
-	3,143	-	-	3,143
-	52,748	-	201,716	254,464
-	55,891	-	201,716	257,607
(73,677)	(246,463)	-	-	(438,522)
(170,166)	(2,587)	-	-	(208,402)
33,290	-	-	-	33,290
-	-	-	-	-
(108,019)	-	-	-	(276,972)
(3,893)	-	-	-	(5,516)
(388,683)	(10,408)	-	-	(420,838)
(711,148)	(259,458)	-	-	(1,316,960)
16,397	-	544	153	19,514
16,397	-	544	153	19,514
(95,860)	56,888	102,478	11,625	(377,526)
3,829,974	31,133	29,287	-	5,044,818
\$ 3,734,114	\$ 88,021	\$ 131,765	\$ 11,625	\$ 4,667,292

(Continued)

The accompanying notes are an integral part of this statement.

City of Tehachapi
Statement of Cash Flows
Proprietary Funds - Continued
Year Ended June 30, 2014

	Water Fund
Reconciliation of Operating Income (Loss) to	
Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 367,474
Adjustments to Reconcile Operating Income (Loss) to	
Net Cash Provided (Used) by Operating Activities:	
Depreciation	250,360
Changes in Operating Assets and Liabilities:	
Decrease (Increase) in Accounts Receivable	(3,643)
Decrease (Increase) in Prepaid Expenses	(3)
Increase (Decrease) in Accounts Payable	(10,996)
Increase (Decrease) in Accrued Liabilities	589
Increase (Decrease) in Compensated Absences	(2,944)
Increase (Decrease) in Due to Other Funds	(714,100)
Increase (Decrease) in Deposits Payable	4,540
	<u>4,540</u>
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (108,723)
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
 Amortization Related to Long-term Debt	\$ -

The accompanying notes are an integral part of this statement.

<u>Sewer Fund</u>	<u>Airport Fund</u>	<u>Refuse Fund</u>	<u>Nonmajor Transit Fund</u>	<u>Total</u>
\$ 115,632	\$ (321,856)	\$ 11,063	\$ (178,418)	\$ (6,105)
505,825	163,088	-	-	919,273
(5,140)	1,035	(2,760)	117,410	106,902
(12)	-	-	-	(15)
(11,235)	(7,091)	94,240	(10,006)	54,912
70	16	11	(2)	684
(6,249)	(756)	(620)	(1,103)	(11,672)
-	426,019	-	(118,125)	(406,206)
-	-	-	-	4,540
<u>\$ 598,891</u>	<u>\$ 260,455</u>	<u>\$ 101,934</u>	<u>\$ (190,244)</u>	<u>\$ 662,313</u>
\$ 3,950	\$ -	\$ -	\$ -	\$ 3,950

The accompanying notes are an integral part of this statement.

City of Tehachapi
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Total Agency Funds	Successor Agency Private-purpose Trust Fund
ASSETS		
Cash and Investments	\$ 873,242	\$ 6,284,530
Cash with Fiscal Agent	-	421,763
Receivables	6,499	-
Advances to Other Funds	302,001	-
Other Assets	355,557	-
Total Assets	\$ 1,537,299	6,706,293
LIABILITIES		
Accounts Payable	\$ 6,567	-
Advances from Other Funds	604,002	-
Interest Payable	-	65,591
Due to City	-	214,193
Due to Bond Holders	926,730	-
Long-term Debt	-	15,507,013
Total Liabilities	\$ 1,537,299	15,786,797
NET POSITION		
Net Position (Deficit) Held in Trust for Successor Agency		\$ (9,080,504)

The accompanying notes are an integral part of this statement.

City of Tehachapi
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2014

	<u>Successor Agency Private-purpose Trust Fund</u>
ADDITIONS	
Property Taxes	\$ 1,182,610
Interest Income	22,133
Transfers from the City of Tehachapi	<u>1,406,525</u>
Total Additions	<u>2,611,268</u>
DEDUCTIONS	
Administrative Costs	331,056
Interest on Bonds	<u>805,346</u>
Total Deductions	<u>1,136,402</u>
Change in Net Position	1,474,866
Net Position - Beginning of Year	<u>(10,555,370)</u>
Net Position - End of Year	<u><u>\$ (9,080,504)</u></u>

The accompanying notes are an integral part of this statement.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

1) REPORTING ENTITY AND 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 overview of the component units included in the accompanying financial statements of 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.

The TCFC does not issue separate financial statements.

B) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund 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 expenses that are clearly identifiable with a specific program, project, 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.

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.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary 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. The fiduciary funds also use the accrual basis of accounting. The Agency funds are custodial in nature and therefore do not involve measurement of results of operations.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

Governmental 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 collected 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.

Taxes, intergovernmental revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and are therefore 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 government's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *Streets and Roads Special Revenue Fund* is used to account for financial resources that are restricted for the repair and maintenance of City streets.

The *Challenger Dr. Extension Capital Projects Fund* is used to account for the grants restricted for the Challenger Drive Extension project.

The *New Police Building Capital Projects Fund* is used to account for the financial resources and expenditures necessary to construct the City's new police facility.

The City reports the following major proprietary funds:

The *Water Utility, Sewer Utility, Airport and Refuse Funds* 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.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

The *Successor Agency Private-purpose Trust Fund* is issued to account for the dissolution of the former Tehachapi Redevelopment Agency.

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, and 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the 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.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

C) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Governmental Accounting Standards Board Statement No. 68

In June of 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. This statement was issued to improve the financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions with regard to providing decision-useful

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. Statement No. 68 is effective for periods beginning after June 15, 2014. The City has elected not to early implement GASB No. 68 and has not determined its effect on the City's financial statements.

D) Assets, Liabilities, and Net Position or Equity

Deposits and Investments

For purposes of the Statement of Cash Flows, 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 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:

- U.S. Treasury Bills, Notes and Bonds.
- Local Agency Investment Fund administered by the California State Treasurer.
- Obligations issued by agencies or instrumentality of the U.S. 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, 2014, 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 trust agreements.

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 Financial Statements
Year Ended June 30, 2014

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Receivables 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 noncurrent 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 nonspendable fund balance 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 tax 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.

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.

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.

Restricted Assets

Amounts shown as restricted assets have been restricted by either bond indenture, by law, or contractual obligations to be used for specified purposes, such as servicing bonded debt and construction of capital assets.

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 value at the date of donation.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The costs of normal maintenance and repairs that do not add to the value of the asset or materially 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 proprietary funds during the current fiscal year was \$202,087. Of this amount, \$0 was included as part of the cost of capital assets under construction.

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

Buildings	30 years
Machinery and Equipment	4 - 30 years
Structures and Other Improvements	10 - 40 years

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.

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.

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 position. Bond premiums and discounts 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net investment in the capital assets describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulation, laws, or other restrictions which the City cannot unilaterally alter.

Unrestricted describes the portion of net position which is not restricted to use.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City currently has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, grant receivables, and other miscellaneous receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Balances

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts constrained for a specific purpose by City Council action. It would require the same action by City Council to remove the constraint. The City's committed fund balance includes:

General Fund Emergency Contingency - The City's General Fund balance committed for emergency contingencies has been set by resolution and is for specific uses listed as the declaration of a state or federal state of emergency or a local emergency.

Assigned Fund Balance - Amounts that are constrained by the City Council's intent to use specified financial resources for specific purposes, but are neither restricted nor committed. The City's fund balance policy delegates the authority to assign amounts to be used for specific purposes to the Finance Director for the purpose of reporting these amounts in the annual financial statements.

Unassigned Fund Balance - These are either residual positive net resources of fund balance in excess of what can properly be classified in one of the other four categories, or negative balances.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deficit Fund Equity

The following non-major funds had material deficit fund balances at June 30, 2014:

Non-major Funds:	
Gas Tax	\$ (77,813)
Safe Route to School	(99,348)
General Plan Update	(79,882)
Valley Shoulder Ext - HSIP	(47,489)
Tehachapi Blvd Imprv-Phase IV	(49,558)
Freedom Plaza	(22,339)

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

2) DETAILED NOTES ON ALL FUNDS

A) Cash and Investments

The City's cash and investments consisted of the following at June 30, 2014:

Deposits	\$ 163,650
Investments	<u>14,649,864</u>
Total Cash and Investments	<u>\$ 14,813,514</u>

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

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and Investments	\$ 2,566,687	\$ 4,556,776	\$ 7,157,772	\$ 14,281,235
Restricted Cash	<u>-</u>	<u>110,516</u>	<u>421,763</u>	<u>532,279</u>
	<u>\$ 2,566,687</u>	<u>\$ 4,667,292</u>	<u>\$ 7,579,535</u>	<u>\$ 14,813,514</u>

Deposits

Custodial Credit Risk - Custodial credit risk 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, 2014, none of the City's deposits were exposed to custodial credit risk.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

2) DETAILED NOTES ON ALL FUNDS - Continued

Investments

As of June 30, 2014, the City had the following investments:

Investment Type	Total	Maturities in Years	
		Less than 1	1 to 5
Local Agency Investment Funds	\$ 11,762,267	\$ 11,762,267	\$ -
Negotiable Certificates of Deposit	243,888	243,888	-
Money Market Mutual Funds	186,868	186,868	-
CSJVRMA Investment Pool	2,035,078	2,035,078	-
Held by Bond Trustee:			
Money Market Mutual Funds	421,763	421,763	-
Total	\$ 14,649,864	\$ 14,649,864	\$ -

Authorized Investments

The investments listed above are managed by the City Finance Director and Fiscal Agents (bond trustees acting in accordance with bond covenants). Investments managed by the City Finance Director are invested in accordance with the City's investment policy. Investments managed by bond trustees are invested in accordance with 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 Finance Director	\$ 14,228,101
Fiscal Agents (Bond trustees for the City and its component units)	<u>421,763</u>
	<u>\$ 14,649,864</u>

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

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

2) DETAILED NOTES ON ALL FUNDS - Continued

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer	Minimum Ratings
U.S. Agencies	5 years	100%	100%	None
U.S. Treasury Bills, Notes and Bonds	5 years	100%	100%	None
Local Agency Investment Fund (LAIF)	N/A	None	None	None
Guaranteed Investment Contract	N/A	None	None	AA
Certificates of Deposit (CDs)	5 years	30%	100%	A
Money Market Mutual Funds	N/A	15%	None	None
Trust Indenture	N/A	None	None	None

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 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's 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

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

2) DETAILED NOTES ON ALL FUNDS - Continued

Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the Standard and Poor's rating as of year end for each investment type.

Investment Type	Total as of June 30, 2014	Minimum Legal Rating	AAA	AA	Unrated	Not Required to be Rated
LAIF	\$ 11,762,267	None	\$ -	\$ -	\$11,762,267	\$ -
Negotiable Certificates or Deposit	243,888	None	-	-	243,888	-
Money Market Mutual Funds	186,868	A	186,868	-	-	-
CSJVRMA Investment Pool	2,035,078	None	-	-	2,035,078	-
Held by Bond Trustee:						
Money Market Mutual Funds	421,763	A	421,763	-	-	-
Total	\$ 14,649,864		\$ 608,631	\$ -	\$14,041,233	\$ -

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. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments in any of the major funds.

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.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Included in cash and investments are restricted cash assets of \$421,763 held by the various bond trustees and fiscal agents, and \$110,516 of customer deposits in the Water Utility Fund.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

2) DETAILED NOTES ON ALL FUNDS - Continued

B) Receivables

Receivables as of year-end for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Challenger Drive Extension Fund	Other Governmental Funds	Total
Governmental Activities				
Taxes	\$ 531,287	\$ -	\$ 42,547	\$ 573,834
Grants	-	499,885	594,777	1,094,662
Others	172,812	-	11,251	184,063
Net Total Receivables	<u>\$ 704,099</u>	<u>\$ 499,885</u>	<u>\$ 648,575</u>	<u>\$ 1,852,559</u>

	Water Fund	Sewer Fund	Airport Fund	Refuse Fund	Nonmajor Transit Fund	Total
Business-Type Activities						
Service Fees	\$ 369,825	\$ 243,231	\$ 10,497	\$ 160,854	\$ -	\$ 784,407
Grants	-	-	185,989	-	-	185,989
Gross Receivables	369,825	243,231	196,486	160,854	-	970,396
Less: Allowance for Uncollectibles	-	-	-	-	-	-
Net Total Receivables	<u>\$ 369,825</u>	<u>\$ 243,231</u>	<u>\$ 196,486</u>	<u>\$ 160,854</u>	<u>\$ -</u>	<u>\$ 970,396</u>

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

2) DETAILED NOTES ON ALL FUNDS - Continued

C) Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Adjustments*	Ending Balance
Governmental Activities:					
Capital Assets, Not Depreciated:					
Land	\$ 941,007	\$ -	\$ (140,218)	\$ -	\$ 800,789
Construction in Progress	4,701,719	4,910,096		(1,274,625)	8,337,190
Total Capital Assets, Not Depreciated	5,642,726	4,910,096	(140,218)	(1,274,625)	9,137,979
Capital Assets Being Depreciated:					
Buildings and Improvements	4,042,159	-	(23,076)	-	4,019,083
Machinery and Equipment	3,167,238	146,837	-	(199,094)	3,114,981
Improvements other than Buildings	23,901,933	-	(182,881)	-	23,719,052
Parks	277,862	-	-	-	277,862
Total Capital Assets Being Depreciated	31,389,192	146,837	(205,957)	(199,094)	31,130,978
Less Accumulated Depreciation:					
Buildings and Improvements	(1,574,390)	(150,325)	7,724	-	(1,716,991)
Machinery and Equipment	(2,622,643)	(200,318)	-	27,209	(2,795,752)
Improvements other than Buildings	(4,587,255)	(852,667)	8,524	-	(5,431,398)
Parks	(34,754)	(6,947)	-	-	(41,701)
Total Accumulated Depreciation	(8,819,042)	(1,210,257)	16,248	27,209	(9,985,842)
Total Capital Assets Being Depreciated, Net	22,570,150	(1,063,420)	(189,709)	(171,885)	21,145,136
Governmental Activities Capital Assets, Net of Depreciation	\$ 28,212,876	\$ 3,846,676	\$ (329,927)	\$ (1,446,510)	\$ 30,283,115

*These adjustments represent decreases to capital assets for amounts that were capitalized in prior years but should have been expensed. This is a prior period adjustment in the Statement of Activities.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

2) DETAILED NOTES ON ALL FUNDS - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 684,609	\$ 43,790	\$ -	\$ 728,399
Water Rights	1,829,036	-	-	1,829,036
Construction in Progress	42,080	87,171	-	129,251
Total Capital Assets, Not Depreciated	<u>2,555,725</u>	<u>130,961</u>	<u>-</u>	<u>2,686,686</u>
Capital Assets Being Depreciated:				
Buildings	16,740,595	115,502	(23,371)	16,832,726
Machinery and Equipment	1,723,370	170,277	(111,332)	1,782,315
Improvements other than Building	11,169,876	21,782	(2,366)	11,189,292
Total Capital Assets Being Depreciated	<u>29,633,841</u>	<u>307,561</u>	<u>(137,069)</u>	<u>29,804,333</u>
Less Accumulated Depreciation:				
Building and Improvements	(7,994,806)	(454,003)	23,371	(8,425,438)
Machinery and Equipment	(1,103,816)	(73,742)	111,332	(1,066,226)
Improvements other than Building	(4,038,088)	(391,528)	2,366	(4,427,250)
Total Accumulated Depreciation	<u>(13,136,710)</u>	<u>(919,273)</u>	<u>137,069</u>	<u>(13,918,914)</u>
Total Capital Assets Being Depreciated, Net	<u>16,497,131</u>	<u>(611,712)</u>	<u>-</u>	<u>15,885,419</u>
Business-type Activities Capital Assets, Net of Depreciation	<u>\$ 19,052,856</u>	<u>\$ (480,751)</u>	<u>\$ -</u>	<u>\$ 18,572,105</u>

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

Governmental Activities:	
General Government	<u>\$ 1,210,257</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,210,257</u>
Business-type Activities:	
Water	\$ 250,360
Sewer	505,825
Airport	<u>163,088</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 919,273</u>

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

2) DETAILED NOTES ON ALL FUNDS - Continued

D) Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2014 is as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	\$ 857,521	\$ -
Streets and Roads	-	228,838
Challenger Dr. Extension	-	135,677
Non-major Governmental Funds	-	493,006
Total	<u>\$ 4,125,208</u>	<u>\$ 857,521</u>

The General Fund has loaned monies to the Streets and Roads Fund, Challenger Dr. Extension, and Non-major Governmental Fund to cover operating cash deficits. These amounts are expected to be paid back in the following fiscal year.

Advances to/from consist of the following at June 30, 2014:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	\$ 1,950,289	\$ -
New Police Building		3,267,687
Proprietary Funds:		
Water Fund	-	263,051
Sewer Fund	-	168,180
Airport Fund	-	1,519,058
Total	<u>\$ 1,950,289</u>	<u>\$ 1,950,289</u>

The General Fund advanced the Water and Sewer Funds \$263,051 and \$168,180, respectively, in order for the Water and Sewer Funds to pay off bonds early. The General Fund has advanced the Airport Fund \$1,519,058 to cover operating deficits. In addition, the General Fund has advanced the New Police Building Capital Projects fund to construct the City' new Police facility.

Interfund transfers for the year ended June 30, 2014 are as follows:

		<u>TRANSFERS IN</u>				
		<u>General Fund</u>	<u>New Police Building Fund</u>	<u>Non-major Governmental Funds</u>	<u>Airport Fund</u>	<u>Total</u>
TRANSFERS OUT	General Fund	\$ -	\$ -	\$ 150,000	\$ 3,143	\$ 153,143
	Streets and Roads			407,098	-	407,098
	Non-Major Governmental Funds	20,068	131,112		-	151,180
	Total	<u>\$ 20,068</u>	<u>\$ 131,112</u>	<u>\$ 557,098</u>	<u>\$ 3,143</u>	<u>\$ 711,421</u>

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

2) DETAILED NOTES ON ALL FUNDS - Continued

The transfers from the Non-major Governmental Funds to the Non-major Governmental Funds and from the Streets and Roads Fund were for capital projects. The transfers from the General Fund to the Non-major Governmental Funds and Airport were for capital projects and operating purposes, respectively.

The Due From Fiduciary Fund of \$516,194 in the General Fund is the result of amounts due from the Agency Fund and Successor Agency Private-purpose Trust Fund of \$302,001 and \$214,193, respectively. The amounts due from the Agency fund are the result of deficits in those funds. The amounts due from the Successor Agency Private-purpose Trust Fund is the result of the General Fund covering operating deficits upon the start-up of the Successor Agency.

E) Other Assets

Other assets at June 30, 2014 consist of the following:

	Agency Funds	Refuse Fund	Total
Foreclosure Receivables	\$ 355,557	\$ -	\$ 355,557
Joint Venture in Recycling Project	-	235,000	235,000
	\$ 355,557	\$ 235,000	\$ 590,557

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.

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, 2014.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

2) DETAILED NOTES ON ALL FUNDS - Continued

F) Long-term Debt

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital Leases	\$ 690,140	\$ -	\$ 26,928	\$ 663,212	\$ 27,792
Compensated Absences	172,384	63,182	67,241	168,325	62,970
Governmental Activity Long-term Liabilities	<u>\$ 862,524</u>	<u>\$ 63,182</u>	<u>\$ 94,169</u>	<u>\$ 831,537</u>	<u>\$ 90,762</u>
Business-type Activities:					
2004 Revenue Refunding Bonds	\$ 2,795,000	\$ -	\$ 135,000	\$ 2,660,000	\$ 140,000
1993 State Revolving Loan	190,280	-	190,280	-	-
1998 Sewer and Water COP	233,500	-	5,300	228,200	5,400
Less Deferred Amounts:					
For Issuance Discounts	(31,601)	-	(3,950)	(27,651)	-
Total Bonds Payable	3,187,179	-	326,630	2,860,549	145,400
Department of Transportation Loan	51,226	-	10,408	40,818	10,891
Water Resources Control Board Loan	2,025,853	-	83,800	1,942,053	85,979
Capital Leases	141,353	-	5,515	135,838	5,693
Compensated Absences	129,156	38,746	50,418	117,484	38,746
Business-type Activity Long-term Liabilities	<u>\$ 5,534,767</u>	<u>\$ 38,746</u>	<u>\$ 476,771</u>	<u>\$ 5,096,742</u>	<u>\$ 286,709</u>

Capital 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.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

2) DETAILED NOTES ON ALL FUNDS - Continued

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Asset:		
Goodrick Drive	\$ 955,570	\$ 195,719
Less Accumulated Depreciation	(509,895)	(165,869)
Total	\$ 445,675	\$ 29,850

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

Year Ending June 30,	Governmental Activities	Business-type Activities
2015	\$ 48,635	\$ 9,961
2016	48,622	9,958
2017	48,607	9,955
2018	48,591	9,952
2019	48,575	9,949
2020	48,559	9,946
2021	48,542	9,942
2022	48,525	9,939
2023	48,507	9,935
2024	48,489	9,932
2025	48,470	9,928
2026	48,450	9,923
2027	48,430	9,919
2028	48,409	9,915
2029	48,387	9,912
2030	48,365	9,906
2031	48,342	9,902
2032	48,317	9,897
Total	872,822	178,771
Less amount representing interest	(209,610)	(42,933)
Present value of net minimum lease payments	\$ 663,212	\$ 135,838

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

2) DETAILED NOTES ON ALL FUNDS - Continued

2004 Revenue Refunding Bonds

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 15 years.

The annual debt service requirements to maturity for the 2004 Water and Sewer Revenue Refunding Bonds are as follows:

Year Ending June 30,	Principal	Interest
2015	\$ 140,000	\$ 104,444
2016	145,000	99,187
2017	150,000	93,469
2018	495,000	80,569
2019	555,000	59,569
2020	570,000	36,712
2021	605,000	12,478
Total	\$ 2,660,000	\$ 486,428

1993 State Revolving Loan

During fiscal year 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 remaining balance of the loan was paid off during the 2013-14 fiscal year.

1998 Sewer & Water COPs

In July 1998, the City obtained loans from the USDA Rural Development totaling \$289,900. The Sewer Fund received \$103,000 and Water Fund received \$186,900. The loans were made by purchase of Certificates of Participation (COP), which were issued by the Tehachapi City Financing Corp. (Financing Corp.) with an interest rate of 4.5%. The proceeds from the sale of the COPs were used to finance the building of a new sewer line to connect to the recently annexed Ashe tract. The COPs are secured by installments payments due from the City based on an Installment Sale Agreement between the Financing Corporation and the City.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

2) DETAILED NOTES ON ALL FUNDS - Continued

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

Year Ending June 30,	Principal	Interest
2015	\$ 5,400	\$ 10,269
2016	5,700	10,026
2017	6,000	9,770
2018	6,200	9,500
2019	6,500	9,221
2020	6,800	8,928
2021	7,100	8,621
2022	7,400	8,303
2023	7,800	7,969
2024	8,100	7,619
2025	8,500	7,254
2026	9,100	6,871
2027	9,300	6,462
2028	9,700	6,044
2029	10,100	5,607
2030	10,600	5,152
2031	11,000	4,676
2032	11,600	4,181
2033	12,100	3,658
2034	12,700	3,114
2035	13,200	2,543
2036	13,800	1,948
2037	14,400	1,327
2038	15,100	680
Total	<u>\$ 228,200</u>	<u>\$ 149,743</u>

Department of Transportation Loan

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
2015	\$ 10,891	\$ 2,061
2016	11,376	1,511
2017	11,860	937
2018	6,691	338
Total	<u>\$ 40,818</u>	<u>\$ 4,847</u>

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

2) DETAILED NOTES ON ALL FUNDS - Continued

Water Resources Control Board Loan

In September 2011, the City received a loan from the California State Water Resources Control Board for up to \$2,121,030 to be used for the Wastewater Treatment Plant Expansion Project. The amount of the loan will be based on eligible project costs and is issued on a reimbursement basis. The loan matures over 20 years with an interest rate of 2.6%. As of June 30, 2014 the City has been issued the full amount of the loan, which will be repaid from the Sewer Fund.

The annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2015	\$ 85,979	\$ 50,493
2016	88,214	48,258
2017	90,508	45,964
2018	92,861	43,611
2019	95,276	41,197
2020	97,753	38,720
2021	100,294	36,178
2022	102,902	33,570
2023	105,577	30,895
2024	108,322	28,150
2025	111,139	25,334
2026	114,028	22,444
2027	116,993	19,479
2028	120,035	16,437
2029	123,156	13,316
2030	126,358	10,114
2031	129,643	6,829
2032	133,015	3,458
Total	<u>\$ 1,942,053</u>	<u>\$ 514,447</u>

Long-term Liabilities - Fiduciary Funds

In December 2005, the Tehachapi Redevelopment Agency issued Tax Allocation 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. The Bonds will mature on December 1, 2035 and the interest rate ranges between 3.25% and 5.25% over the life of the Bonds. Interest is payable semiannually on June 1st and December 1st of each year, commencing June 1, 2006. The Bonds are subject to redemption at the option of the Agency on or after June 1, 2006.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

2) DETAILED NOTES ON ALL FUNDS - Continued

The annual debt service requirements to maturity of the 2005 Tax Allocation Bonds are as follows:

2005 Bonds		
Year Ending June 30,	Principal	Interest
2015	\$ 205,000	\$ 362,064
2016	210,000	353,525
2017	220,000	344,379
2018	235,000	334,391
2019	240,000	323,843
2020-2024	1,385,000	1,439,397
2025-2029	1,735,000	1,067,923
2030-2034	2,225,000	567,442
2035-2036	1,060,000	54,791
Total	\$ 7,515,000	\$ 4,847,755

In December 2007, the Tehachapi Redevelopment Agency issued 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 for 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.

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% and 5.313% over the life of the Bonds. Interest is payable semiannually, on June 1st and December 1st of each year, commencing June 1, 2009. The Bonds 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 Tax Allocation Bonds are as follows:

2007 Bonds		
Year Ending June 30,	Principal	Interest
2015	\$ 185,000	\$ 416,686
2016	195,000	407,933
2017	200,000	398,583
2018	215,000	388,631
2019	225,000	377,935
2020-2024	1,295,000	1,708,340
2025-2029	1,655,000	1,339,766
2030-2034	2,125,000	856,543
2035-2038	2,140,000	245,618
Total	\$ 8,235,000	\$ 6,140,035

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

2) DETAILED NOTES ON ALL FUNDS - Continued

The following is a schedule of changes in long-term debt of the Successor Agency for the fiscal year ended June 30, 2014.

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Bonds Payable:					
Tax Allocation Bonds	\$ 16,120,000	\$ -	\$ 370,000	\$ 15,750,000	\$ 390,000
Unamortized Bond Discount	<u>(253,955)</u>	<u>-</u>	<u>(10,968)</u>	<u>(242,987)</u>	<u>-</u>
Total	<u>\$ 15,866,045</u>	<u>\$ -</u>	<u>\$ 359,032</u>	<u>15,507,013</u>	<u>\$ 390,000</u>

No-Commitment Debt

The City issued limited obligation bonds to finance the construction of infrastructure improvements within the City through the use of Special Assessment Districts. The repayment of the bonds are payable from special assessments 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 and initiating foreclosure proceedings, if necessary. Accordingly, these special assessments and special tax bonds payable have been excluded from the accompanying primary government financial statements.

Due to delinquent annual assessments, limited obligation bonds (Assessment Districts 89-2 and 89-3) amounting to \$2,425,000 (principal only) are in default at June 30, 2014.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

2) DETAILED NOTES ON ALL FUNDS - Continued

G) Fund Balances

The details of the fund balances as of June 30, 2014 are presented below:

	General Fund	Streets And Roads Fund	Challenger Dr. Ext. Fund	New Police Building Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepays	\$ 93,980	\$ -	\$ -	\$ -	\$ -	\$ 93,980
Advances to Other Funds	5,217,976	-	-	-	-	5,217,976
Restricted for:						
Lighting District	-	-	-	-	77,012	77,012
Transportation	-	-	-	-	1,257,058	1,257,058
Development	-	-	-	-	51,522	51,522
Parks and Recreation	-	-	-	-	125,982	125,982
Committed to:						
Emergency Contingency	887,757	-	-	-	-	887,757
Assigned to:						
Capital Projects	-	-	-	-	189	189
Tract 6216 Settlement	-	-	-	-	100,670	100,670
Unassigned:	<u>1,438,840</u>	<u>(228,838)</u>	<u>(324,907)</u>	<u>(3,523,515)</u>	<u>(388,985)</u>	<u>(3,027,405)</u>
Total Fund Balance	<u>\$7,638,553</u>	<u>\$ (228,838)</u>	<u>\$ (324,907)</u>	<u>\$ (3,523,515)</u>	<u>\$ 1,223,448</u>	<u>\$ 4,784,741</u>

3) 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 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, 2014 and 2013 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 Financial Statements
Year Ended June 30, 2014

3) OTHER INFORMATION - 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 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. At 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.

The City is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City purchases insurance as described above. There are no significant reductions in insurance coverage from prior years and also there been no settlements exceeding the insurance coverage for each of the past three fiscal years.

B) City Employee Retirement Plans

Miscellaneous Plan and Safety Plan:

Plan Description

The City of Tehachapi contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The contract offers a “2% at 55” plan for Miscellaneous Plan members and “3% at 50” plan for Safety Police Plan Members. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of CalPERS’ annual financial report may be obtained from their executive office: 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute 7% and 9% of their annual covered salary for the Miscellaneous and Safety plans, respectively. The City of Tehachapi pays the member contributions for both the Miscellaneous Plan and the Safety Plan of 5% and 6.5% respectively. The City is also required to make additional contributions at an actuarially determined rate. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rates for fiscal year 2013-2014 were 11.286% for the Miscellaneous Plan and 26.149% for the Safety Police Plan. 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.

Three Year Trend Information for the City of Tehachapi Miscellaneous Employees’ Retirement Plan

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Percent Contributed</u>
6/30/12	\$ 220,242	100%
6/30/13	\$ 248,312	100%
6/30/14	\$ 257,686	100%

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2014

3) OTHER INFORMATION - Continued

Three Year Trend Information for the City of Tehachapi Safety Police Employees' Retirement Plan

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Percent Contributed</u>
6/30/12	\$ 205,618	100%
6/30/13	\$ 226,953	100%
6/30/14	\$ 258,067	100%

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 no additional contribution is required.

C) Commitments and Contingencies

The City has received Federal and State funds for specific purposes that are subject to review by the grantor agencies. These programs are subject to audit by the grantor agencies and upon further examination by the grantors, certain costs could be disallowed. The City expects any such amounts to be immaterial.

D) Restatement of Net Position

The prior period adjustment to reduce net position in the Statement of Activities by \$1,446,510 is a result of expensing certain capital assets which were previously capitalized. See Note 2 C for more information.

REQUIRED SUPPLEMENTARY INFORMATION

City of Tehachapi
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 5,181,545	\$ 5,353,488	\$ 5,745,248	\$ 391,760
Licenses, Permits, and Fines	52,000	65,162	71,965	6,803
Intergovernmental	26,000	332,643	363,428	30,785
Charges for Services	520,000	460,000	540,430	80,430
Investment Earnings	36,000	25,000	28,075	3,075
Miscellaneous Revenues	179,465	196,488	300,164	103,676
	<u>5,995,010</u>	<u>6,432,781</u>	<u>7,049,310</u>	<u>616,529</u>
EXPENDITURES				
Current:				
General Government	1,437,666	1,366,883	1,429,523	(62,640)
Public Works	640,286	651,277	634,742	16,535
Public Safety	2,873,198	2,993,219	3,181,899	(188,680)
Community Development	1,039,901	1,094,965	1,112,422	(17,457)
Capital Outlay:				
General Government	-	-	-	-
	<u>5,991,051</u>	<u>6,106,344</u>	<u>6,358,586</u>	<u>(252,242)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,959</u>	<u>326,437</u>	<u>690,724</u>	<u>364,287</u>
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	20,068	20,068
Transfers Out	-	(153,143)	(153,143)	-
Transfer to Fiduciary Funds	-	(1,083,912)	(1,083,912)	-
	<u>-</u>	<u>(1,237,055)</u>	<u>(1,216,987)</u>	<u>20,068</u>
Net Change in Fund Balances	3,959	(910,618)	(526,263)	384,355
Fund Balance, Beginning of Year	<u>8,164,816</u>	<u>8,164,816</u>	<u>8,164,816</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 8,168,775</u>	<u>\$ 7,254,198</u>	<u>\$ 7,638,553</u>	<u>\$ 384,355</u>

City of Tehachapi
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Streets and Roads
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 338,425	\$ 338,425	\$ 580,054	\$ 241,629
Investment Earnings	-	167	269	102
Total Revenues	<u>338,425</u>	<u>338,592</u>	<u>580,323</u>	<u>241,731</u>
EXPENDITURES				
Current:				
Public Works	-	2,070	2,070	-
Capital Outlay		28,731	28,731	-
Debt Service				
Interest Expense	21,721	21,721	21,721	-
Principal	26,928	26,928	26,928	-
Total Expenditures	<u>48,649</u>	<u>79,450</u>	<u>79,450</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>289,776</u>	<u>259,142</u>	<u>500,873</u>	<u>241,731</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(407,098)	(407,098)	(407,098)	-
Transfer to Successor Agency	-	(284,060)	(322,613)	(38,553)
Total Other Financing Sources (Uses)	<u>(407,098)</u>	<u>(691,158)</u>	<u>(729,711)</u>	<u>(38,553)</u>
Net Change in Fund Balance	(117,322)	(432,016)	(228,838)	203,178
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ (117,322)</u>	<u>\$ (432,016)</u>	<u>\$ (228,838)</u>	<u>\$ 203,178</u>

City of Tehachapi
Notes to Required Supplementary Information
Year Ended June 30, 2014

Budgetary Accounting

Budgetary comparison schedules are presented as part of the Required Supplementary Information for major Special Revenue Funds as provided for by GASB Statement No. 34. The City budget is adopted on a basis consistent with accounting principles generally accepted in United States of America. The City Manager is required to prepare and submit to the City Council the annual budget of the City and administer it after the adoption. City Council approval is required for budget revisions that affect the total appropriations of the City.

Total expenditures in the General Fund exceeded appropriations by \$252,242.

SUPPLEMENTARY INFORMATION

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

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS			
Cash and Investments	\$ 1,637,258	\$ 260,349	\$ 1,897,607
Receivables	<u>592,397</u>	<u>56,178</u>	<u>648,575</u>
Total Assets	<u>\$ 2,229,655</u>	<u>\$ 316,527</u>	<u>\$ 2,546,182</u>
LIABILITIES			
Accounts Payable	\$ 386,660	\$ 29,988	\$ 416,648
Due to Other Funds	<u>285,991</u>	<u>207,015</u>	<u>493,006</u>
Total Liabilities	<u>672,651</u>	<u>237,003</u>	<u>909,654</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Grants	<u>362,666</u>	<u>50,414</u>	<u>413,080</u>
Total Deferred Inflows of Resources	<u>362,666</u>	<u>50,414</u>	<u>413,080</u>
FUND BALANCES			
Restricted	1,377,887	133,687	1,511,574
Assigned	189	100,670	100,859
Unassigned	<u>(183,738)</u>	<u>(205,247)</u>	<u>(388,985)</u>
Total Fund Balances	<u>1,194,338</u>	<u>29,110</u>	<u>1,223,448</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,229,655</u>	<u>\$ 316,527</u>	<u>\$ 2,546,182</u>

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

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
REVENUES			
Taxes	\$ 720,084	\$ -	\$ 720,084
Intergovernmental	341,429	5,764	347,193
Charges for Services	75,207	-	75,207
Investment Earnings	7,027	1,634	8,661
Miscellaneous Revenue	-	20,000	20,000
	<u>1,143,747</u>	<u>27,398</u>	<u>1,171,145</u>
Total Revenues			
EXPENDITURES			
Current:			
General Government	73,854	-	73,854
Public Works	934,148	25,482	959,630
Community Development	25,269	383,574	408,843
Capital Outlay	797,809	172,389	970,198
	<u>1,831,080</u>	<u>581,445</u>	<u>2,412,525</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures	<u>(687,333)</u>	<u>(554,047)</u>	<u>(1,241,380)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	557,098	-	557,098
Transfers Out	(131,112)	(20,068)	(151,180)
	<u>425,986</u>	<u>(20,068)</u>	<u>405,918</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(261,347)	(574,115)	(835,462)
Fund Balances, Beginning of Year	<u>1,455,685</u>	<u>603,225</u>	<u>2,058,910</u>
Fund Balances, End of Year	<u>\$ 1,194,338</u>	<u>\$ 29,110</u>	<u>\$ 1,223,448</u>

City of Tehachapi
Combining Balance Sheet
Non-major Special Revenue Funds
June 30, 2014

	Traffic Signals	TDA 3 Bike Safety	Oil Recycling Grant Fund	Beverage Container Recycling
ASSETS				
Cash and Investments	\$ 1,232,558	\$ -	\$ 266	\$ 11,529
Receivables	-	-	-	5,000
Total Assets	<u>\$ 1,232,558</u>	<u>\$ -</u>	<u>\$ 266</u>	<u>\$ 16,529</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	6,577	-	-
Total Liabilities	-	6,577	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCES				
Restricted	1,232,558	-	266	16,529
Assigned	-	-	-	-
Unassigned	-	(6,577)	-	-
Total Fund Balances	<u>1,232,558</u>	<u>(6,577)</u>	<u>266</u>	<u>16,529</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,232,558</u>	<u>\$ -</u>	<u>\$ 266</u>	<u>\$ 16,529</u>

<u>Lighting District</u>	<u>Event Center & Rodeo Grounds</u>	<u>Gas Tax</u>	<u>Facility Impact Fee Fund</u>	<u>Safe Route to School Fund</u>	<u>Total Non-Major Funds</u>
\$ 292,486	\$ 9,940	\$ 38,957	\$ 51,522	\$ -	\$ 1,637,258
487	-	509,443	-	77,467	592,397
<u>\$ 292,973</u>	<u>\$ 9,940</u>	<u>\$ 548,400</u>	<u>\$ 51,522</u>	<u>\$ 77,467</u>	<u>\$ 2,229,655</u>
\$ 34,833	\$ 9,751	\$ 341,014	\$ -	\$ 1,062	\$ 386,660
181,128	-	-	-	98,286	285,991
<u>215,961</u>	<u>9,751</u>	<u>341,014</u>	<u>-</u>	<u>99,348</u>	<u>672,651</u>
-	-	285,199	-	77,467	362,666
-	-	285,199	-	77,467	362,666
77,012	-	-	51,522	-	1,377,887
-	189	-	-	-	189
-	-	(77,813)	-	(99,348)	(183,738)
<u>77,012</u>	<u>189</u>	<u>(77,813)</u>	<u>51,522</u>	<u>(99,348)</u>	<u>1,194,338</u>
<u>\$ 292,973</u>	<u>\$ 9,940</u>	<u>\$ 548,400</u>	<u>\$ 51,522</u>	<u>\$ 77,467</u>	<u>\$ 2,229,655</u>

City of Tehachapi
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
Year Ended June 30, 2014

	Traffic Signals	TDA 3 Bike Safety	Oil Recycling Grant Fund	Beverage Container Recycling
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	99,673	11,352	-	5,000
Charges for Services	-	-	-	-
Investment Earnings	5,059	-	1	49
Miscellaneous Revenues	-	-	-	-
	<u>104,732</u>	<u>11,352</u>	<u>1</u>	<u>5,049</u>
Total Revenues				
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Works	-	3,576	-	-
Community Development	-	-	-	-
Capital Outlay	-	6,392	-	-
	<u>-</u>	<u>9,968</u>	<u>-</u>	<u>-</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	<u>104,732</u>	<u>1,384</u>	<u>1</u>	<u>5,049</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	104,732	1,384	1	5,049
Fund Balances, Beginning of Year	<u>1,127,826</u>	<u>(7,961)</u>	<u>265</u>	<u>11,480</u>
Fund Balances, End of Year	<u>\$ 1,232,558</u>	<u>\$ (6,577)</u>	<u>\$ 266</u>	<u>\$ 16,529</u>

<u>Lighting District</u>	<u>Event Center & Rodeo Grounds</u>	<u>Gas Tax</u>	<u>Facility Impact Fee Fund</u>	<u>Safe Route to School Fund</u>	<u>Total Non-Major Funds</u>
\$ 284,711	\$ -	\$ 435,373	\$ -	\$ -	\$ 720,084
-	-	196,632	-	28,772	341,429
-	-	-	75,207	-	75,207
1,187	-	68	663	-	7,027
-	-	-	-	-	-
<u>285,898</u>	<u>-</u>	<u>632,073</u>	<u>75,870</u>	<u>28,772</u>	<u>1,143,747</u>
73,854	-	-	-	-	73,854
260,875	-	669,697	-	-	934,148
25,269	-	-	-	-	25,269
-	106,251	577,681	-	107,485	797,809
<u>359,998</u>	<u>106,251</u>	<u>1,247,378</u>	<u>-</u>	<u>107,485</u>	<u>1,831,080</u>
<u>(74,100)</u>	<u>(106,251)</u>	<u>(615,305)</u>	<u>75,870</u>	<u>(78,713)</u>	<u>(687,333)</u>
-	150,000	407,098	-	-	557,098
-	-	-	(131,112)	-	(131,112)
-	150,000	407,098	(131,112)	-	425,986
(74,100)	43,749	(208,207)	(55,242)	(78,713)	(261,347)
<u>151,112</u>	<u>(43,560)</u>	<u>130,394</u>	<u>106,764</u>	<u>(20,635)</u>	<u>1,455,685</u>
<u>\$ 77,012</u>	<u>\$ 189</u>	<u>\$ (77,813)</u>	<u>\$ 51,522</u>	<u>\$ (99,348)</u>	<u>\$ 1,194,338</u>

City of Tehachapi
Combining Balance Sheet
Non-major Capital Project Funds
June 30, 2014

	Tucker Road / Valley Blvd. Exchange	East Tehachapi Blvd Improvement Project	General Plan Update	Valley Shoulder Ext - HSIP
ASSETS				
Cash and Investments	\$ 7,705	\$ -	\$ -	\$ -
Receivables	-	-	-	56,178
Total Assets	\$ 7,705	\$ -	\$ -	\$ 56,178
LIABILITIES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	5,979	79,882	53,253
Total Liabilities	-	5,979	79,882	53,253
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Grants	-	-	-	50,414
Total Deferred Inflows of Resources	-	-	-	50,414
FUND BALANCES				
Restricted	7,705	-	-	-
Assigned	-	-	-	-
Unassigned	-	(5,979)	(79,882)	(47,489)
Total Fund Balances	7,705	(5,979)	(79,882)	(47,489)
Total Liabilities and Fund Balances	\$ 7,705	\$ -	\$ -	\$ 56,178

<u>Parks & Rec. Capital Project</u>	<u>Tract 6216 Settlement Fund</u>	<u>Green Street Lighting Capital Projects Fund</u>	<u>Tehachapi Blvd Imprv - Phase IV</u>	<u>Freedom Plaza</u>	<u>Total Non-Major Funds</u>
\$ 125,982	\$ 126,266	\$ -	\$ -	\$ 396	\$ 260,349
-	-	-	-	-	56,178
<u>\$ 125,982</u>	<u>\$ 126,266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396</u>	<u>\$ 316,527</u>
\$ -	\$ 7,253	\$ -	\$ -	\$ 22,735	\$ 29,988
-	18,343	-	49,558	-	207,015
-	25,596	-	49,558	22,735	237,003
-	-	-	-	-	50,414
-	-	-	-	-	50,414
125,982	-	-	-	-	133,687
-	100,670	-	-	-	100,670
-	-	-	(49,558)	(22,339)	(205,247)
<u>125,982</u>	<u>100,670</u>	<u>-</u>	<u>(49,558)</u>	<u>(22,339)</u>	<u>29,110</u>
<u>\$ 125,982</u>	<u>\$ 126,266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396</u>	<u>\$ 316,527</u>

City of Tehachapi
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Project Funds
Year Ended June 30, 2014

	Tucker Road / Valley Blvd. Exchange	East Tehachapi Blvd Improvement Project	General Plan Update	Valley Shoulder Ext - HSIP
REVENUES				
Licenses, Permits, and Fines	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	5,764
Miscellaneous Revenue	-	-	-	-
Investment Earnings	96	-	-	-
Total Revenues	<u>96</u>	<u>-</u>	<u>-</u>	<u>5,764</u>
EXPENDITURES				
Current:				
Public Works	-	4,772	-	-
Community Development	-	-	5,843	-
Capital Outlay	39,800	1,207	-	71,239
Total Expenditures	<u>39,800</u>	<u>5,979</u>	<u>5,843</u>	<u>71,239</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(39,704)</u>	<u>(5,979)</u>	<u>(5,843)</u>	<u>(65,475)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(39,704)	(5,979)	(5,843)	(65,475)
Fund Balances, Beginning of Year	<u>47,409</u>	<u>-</u>	<u>(74,039)</u>	<u>17,986</u>
Fund Balances, End of Year	<u>\$ 7,705</u>	<u>\$ (5,979)</u>	<u>\$ (79,882)</u>	<u>\$ (47,489)</u>

<u>Parks & Rec. Capital Project</u>	<u>Tract 6216 Settlement Fund</u>	<u>Green Street Lighting Capital Projects Fund</u>	<u>Tehachapi Blvd Imprv - Phase IV</u>	<u>Freedom Plaza</u>	<u>Total Non-Major Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	5,764
-	-	-	-	20,000	20,000
527	1,011	-	-	-	1,634
<u>527</u>	<u>1,011</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>27,398</u>
128	18,730	-	-	1,852	25,482
-	377,731	-	-	-	383,574
-	-	-	-	60,143	172,389
<u>128</u>	<u>396,461</u>	<u>-</u>	<u>-</u>	<u>61,995</u>	<u>581,445</u>
399	(395,450)	-	-	(41,995)	(554,047)
-	-	-	-	-	-
-	-	(20,068)	-	-	(20,068)
-	-	(20,068)	-	-	(20,068)
399	(395,450)	(20,068)	-	(41,995)	(574,115)
<u>125,583</u>	<u>496,120</u>	<u>20,068</u>	<u>(49,558)</u>	<u>19,656</u>	<u>603,225</u>
<u>\$ 125,982</u>	<u>\$ 100,670</u>	<u>\$ -</u>	<u>\$ (49,558)</u>	<u>\$ (22,339)</u>	<u>\$ 29,110</u>

City of Tehachapi
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2014

	Capital Hills 89-1	Tucker Road 87-1	East Tehachapi Blvd. Project 89-3	Summit 89-2
ASSETS				
Cash and Investments	\$ 767,213	\$ 67,076	\$ 829	\$ -
Receivables	-	-	6,499	-
Advances to Other Funds	-	-	-	-
Other Assets	-	-	26,077	329,480
	<u>-</u>	<u>-</u>	<u>26,077</u>	<u>329,480</u>
Total Assets	<u>\$ 767,213</u>	<u>\$ 67,076</u>	<u>\$ 33,405</u>	<u>\$ 329,480</u>
LIABILITIES				
Accounts Payable	\$ 530	\$ 748	\$ 271	\$ 5,018
Advances From Other Funds	-	-	33,134	268,867
Due to Bond Holders	766,683	66,328	-	55,595
	<u>766,683</u>	<u>66,328</u>	<u>-</u>	<u>55,595</u>
Total Liabilities	<u>\$ 767,213</u>	<u>\$ 67,076</u>	<u>\$ 33,405</u>	<u>\$ 329,480</u>

Tehachapi Meadows 90-1	Special Districts Revolving Fund	Total Agency Funds
\$ 38,124	\$ -	\$ 873,242
-	-	6,499
-	302,001	302,001
-	-	355,557
<u>\$ 38,124</u>	<u>\$ 302,001</u>	<u>\$ 1,537,299</u>
\$ -	\$ -	\$ 6,567
-	302,001	604,002
<u>38,124</u>	<u>-</u>	<u>926,730</u>
<u>\$ 38,124</u>	<u>\$ 302,001</u>	<u>\$ 1,537,299</u>