

**CITY OF TAFT
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

**CITY OF IAFT
ANNUAL FINANCIAL REPORT
JUNE 30, 2011**

TABLE OF CONTENTS

INTRODUCTORY SECTION

Table of Contents	i
Elected Officials and Administration Personnel	iv
Organizational Chart	v

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	13
Statement of Activities	14
Governmental Funds Financial Statements	
Balance Sheet	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes in Fund Balances	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Proprietary Funds Financial Statements	
Statement of Net Assets	20
Statement of Revenues, Expenses, and Changes in Fund Net Assets	22
Statement of Cash Flows	24
Fiduciary Funds Financial Statement	
Statement of Assets and Liabilities	26
Notes to Basic Financial Statements	27

**CITY OF TAFT
ANNUAL FINANCIAL REPORT
JUNE 30, 2011**

TABLE OF CONTENTS (Continued)

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –	
General Fund	53

Other Supplemental Information

Major Fund Budgetary Comparison Schedules	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
WWTP Capital Projects Fund	55
ICDA Capital Projects Fund	56
Non-Major Governmental Funds	
Combining Balance Sheet	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	64
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –	
Traffic Safety Special Revenue Fund	68
Gas Tax Special Revenue Fund	69
TDA Act Special Revenue Fund	70
Asset Forfeiture Special Revenue Fund	71
Landscape Assessment District Special Revenue Fund	72
Crime Prevention Special Revenue Fund	73
Inmate Welfare Special Revenue Fund	74
ICDA Housing Special Revenue Fund	75
WWTP Special Revenue Fund	76
ICDA Debt Service Fund	77
Agency Funds	
Combining Statement of Assets and Liabilities	80
Combining Statement of Changes in Assets and Liabilities	81

**CITY OF IAFTI
ANNUAL FINANCIAL REPORT
JUNE 30, 2011**

TABLE OF CONTENTS (Continued)

Statistical Section

Net Assets by Component.....	83
Changes in Net Assets	84
Fund Balances of Governmental Funds.....	86
Changes in Fund Balances of Governmental Funds	87
Government Activities Tax Revenue by Source.....	88
General Government Revenue by Source.....	89
Principal Property Tax Payers.....	90
Assessed Value and Estimated Actual Value of Taxable Property.....	91
Direct and Overlapping Property Tax Rates	92
Property Tax Levies and Collection	93
Ratios of Outstanding Debt by Type	94
Direct and Overlapping Debt.....	96
Demographic and Economic Statistics.....	97
Principal Employers	98
Full-time and Part-time City Employees	99

Financial Section



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of City Council
of the City of Taft
Taft, California

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Taft, California, as of and for the fiscal year ended June 30, 2011, which collectively comprise the City of Taft's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Taft's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Taft, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 of the notes to basic financial statements, effective July 1, 2010, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and Statement No. 59, *Financial Instruments Omnibus*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2012, 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* and should be considered in assessing the results of our audit.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2012, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, and the Budgetary Comparison Schedule for the General Fund on page 53 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, the Budgetary Comparison Schedules for the Major Capital Projects Fund, and the Nonmajor Governmental Funds, the Combining Financial Statements for the Nonmajor Governmental Funds, Internal Service Funds, and Agency Funds, and the Statistical Section listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. The Budgetary Comparison Schedules for the Major Capital Projects Fund and the Nonmajor Governmental Funds, the Combining Financial Statements for the Nonmajor Governmental Funds, Internal Service Fund, and Agency Funds are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
May 4, 2012

City of Taft
Management's Discussion and Analysis
For the Year Ended June 30, 2011
Unaudited

As management of the City of Taft (the City), we offer this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2011.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements, comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. These reports also contain certain supplementary information.

Government-wide financial statements

The Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities). The governmental activities of the City include general government, public safety, streets and roads, health and welfare, community development, and culture and recreation. The business type activities of the City include the Federal Wastewater Treatment Plant, Community Correctional Facility, Sewer, Refuse, and Transportation services.

The government-wide financial statements include the City and its component units. The City's component units are the Taft Public Financing Authority, Taft Public Improvement Corporation, Taft Community Development Agency (ICDA), and Greater Taft Transportation Authority. Although legally separate, these entities function for all

practical purposes as departments of the City and, therefore, have been blended as part of the primary government.

The government-wide financial statements can be found on pages 13 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary and fiduciary.

Governmental funds

Governmental funds are used to account for 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.

It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Reconciliations to facilitate this comparison are provided for both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances.

The City maintains twenty-five individual governmental funds. Information is presented separately in the governmental fund balance sheets and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the major funds: the General Fund, the Revolving Loan Fund – CDBG, the Wastewater Treatment Plant – Capital Projects Fund and the TCDA Capital Projects Fund. Data from the other twenty-one governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and can be found on pages 60-67 in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 of this report.

Proprietary funds

The City maintains two different types of proprietary funds, enterprise and internal service funds. Enterprise funds are used to report the same functions presented as

business type activities in the government-wide financial statements. The City uses enterprise funds to account for its Federal Wastewater Treatment Plant, Community Correctional Facility, and Sewer, Refuse, and Transportation services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the financing of goods or services provided by one department to other departments or agencies of the City on a cost-reimbursement basis. The City uses internal service funds to account for activities of the City central garage. Because this service predominantly benefits governmental rather than business type functions, it has been included within governmental activities in the government-wide financial statements

Proprietary funds provide the same type of information as the government-wide financial statements (business type activities), only in more detail. The proprietary fund financial statements provide separate information for the Federal Wastewater Treatment Plant, Community Correctional Facility, and Sewer operations, all of which are considered to be major funds of the City. The two remaining proprietary funds noted above are combined into a single, aggregated presentation. The internal service fund is also shown as a separate presentation in the proprietary fund financial statements

Individual fund data for the non-major proprietary funds is provided in the form of combining statements and can be found on pages 20-25 in this report.

Fiduciary funds

Agency funds are used to account for situations where the City's role is purely custodial. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. All assets reported in agency funds are offset by liabilities; the accrual basis of accounting is used to recognize receivables and payables.

The agency fund financial statements can be found on page 26 of this report.

Notes to the financial statements

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

The notes to the financial statements begin on page 27 of this report.

Government-wide Financial Analysis

The following table presents a summary of the City's assets, liabilities and net assets for its governmental and business type activities for the years ended June 30, 2011 and 2010. As noted earlier, a government's net asset position may serve over time as a useful indicator of its financial position.

	Governmental			Business			Total		
	Activities			Activities					
	2011	2010	Changes Inc (Dec)	2011	2010	Changes Inc (Dec)	2011	2010	Changes Inc (Dec)
Assets:									
Current assets	13,777,465	13,773,976	3,489	6,055,716	5,975,583	80,133	19,833,181	19,749,559	83,622
Capital assets, net	10,455,946	10,318,766	137,180	5,611,334	5,535,216	76,118	16,067,278	15,853,982	213,296
Total assets	24,233,411	24,092,742	140,669	11,667,050	11,510,799	156,251	35,900,459	35,603,541	296,918
Liabilities:									
Current liabilities	1,039,840	897,153	142,687	680,171	590,637	89,534	1,720,011	1,487,790	232,221
Long-term liabilities	3,853,638	3,990,820	(137,182)	564,674	695,742	(131,068)	4,418,312	4,686,562	(268,250)
Total liabilities	4,893,478	4,887,973	5,505	1,244,845	1,286,379	(41,534)	6,138,323	6,174,352	(36,029)
Net assets:									
Invested in capital assets, net of related debt	7,222,922	6,478,811	744,111	5,048,321	4,849,364	198,957	12,271,243	11,328,175	943,068
Restricted	9,124,656	2,708,877	6,415,779				9,124,656	2,708,877	6,415,779
Unrestricted	2,992,355	10,017,081	(7,024,726)	5,373,882	5,375,056	(1,174)	8,366,237	15,392,137	(7,025,900)
Total net assets	19,339,933	19,204,769	135,164	10,422,203	10,224,420	197,783	29,762,136	29,429,189	332,947

The City's assets exceed liabilities by \$29,762,136 and \$29,429,189 at June 30, 2011 and 2010, respectively. Total net assets have increased by \$332,947 from 2010 to 2011.

As of June 30, 2011, the largest portion of the City's net assets of \$12,271,243 reflects its investment in capital assets (i.e., land, buildings, machinery, equipment and infrastructure). The City uses these capital assets to provide services to citizens, and these assets are not available for future spending. An additional portion of the City's net assets of \$9,124,656 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$8,366,237, which is \$7,025,900 less than last year's amount of \$15,392,137, may be used to meet the government's ongoing obligations to citizens and creditors. Of these amounts, \$5,373,882 is held by business type activities funds and the \$2,992,355 is held by governmental activities funds as of June 30, 2011.

On the table below, the Statement of Activities of the City's governmental and business-type operations for the period ended June 30, 2011 and 2010 shows the total net assets decreased by \$656,199 and increased by \$197,783 for governmental and business-type activities, respectively.

The continued efforts by all departments to keep operating costs down is reflected on this table.

	Governmental			Business			Total		
	Activities			Activities					
	2011	2010	Changes Inc (Dec)	2011	2010	Changes Inc (Dec)	2011	2010	Changes Inc (Dec)
Revenues:									
Charges for services	323,605	828,222	(504,617)	12,125,417	11,716,540	408,877	\$12,449,022	\$12,544,762	(\$95,740)
Property taxes	973,048	1,005,749	(32,701)				973,048	1,005,749	(32,701)
Sales taxes	1,614,881	1,570,736	44,145				1,614,881	1,570,736	44,145
Other taxes and Motor vehicle in lieu fees	1,093,968	1,047,326	46,642				1,093,968	1,047,326	46,642
Grants and contributions restricted to specific programs	3,476,528	2,621,925	854,603				3,476,528	2,621,925	854,603
Investment earnings	417,456	651,063	(233,607)	107,160	98,331	8,829	524,616	749,394	(224,778)
Other	609,237		609,237				609,237		609,237
Total revenues	8,508,723	7,725,021	783,702	12,232,577	11,814,871	417,706	19,539,892	19,539,892	1,201,408
Expenses:									
General government	2,204,592	2,478,363	(273,771)				2,204,592	2,478,363	(273,771)
Public safety	3,169,501	2,922,967	246,534				3,169,501	2,922,967	246,534
Public works	1,508,562	1,531,425	(22,863)				1,508,562	1,531,425	(22,863)
Health and welfare	180,416	286,875	(106,459)				180,416	286,875	(106,459)
Community development	562,423	2,175,162	(1,612,739)				562,423	2,175,162	(1,612,739)
Interest on long-term debt	227,033	233,035	(6,005)				227,030	233,035	(6,005)
Federal WWIP				741,832	756,323	(14,491)	741,832	756,323	(14,491)
CCF				9,021,994	8,642,089	379,905	9,021,994	8,642,089	379,905
Sewer				723,277	806,357	(83,080)	723,277	806,357	(83,080)
Refuse				610,595	608,683	1,912	610,595	608,683	1,912
Transit				937,096	800,800	136,296	937,096	800,800	136,296
Total expenses	7,852,524	9,627,827	(1,775,303)	12,034,794	11,614,252	420,542	19,887,318	21,242,079	(1,354,761)
Increase (decrease) in net assets before transfers	656,199	(1,902,806)	2,559,005	197,783	200,619	(2,836)	853,982	(1,702,187)	2,556,169
Prior period adjustment	(521,035)	(9,906)	(511,129)				(521,035)	(9,906)	(511,129)
Net assets – beginning, as restated	19,204,769	21,117,481	(1,912,712)	10,224,420	10,023,801	200,619	29,429,189	31,141,282	(1,712,093)
Net assets - ending	19,339,933	19,204,769	135,164	10,422,203	10,224,420	197,783	29,762,136	29,429,189	332,947

Governmental activities. Governmental activities increased the City's net assets by \$135,164 and decreased \$(1,912,712) for the years ended June 30, 2011 and 2010, respectively.

Business type activities. Business type activities increased the City's net assets by \$197,783 and \$200,619 for the years ended June 30, 2011 and 2010, respectively.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,556,669.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,728,595 and all of the fund balances are for future operations, economic contingencies and future capital projects. The total general fund balance was \$6,089,164 as of June 30, 2011.

The City's general fund balance decreased by \$340,859 during the year ended June 30, 2011. All departments have been encouraged to continued efforts to keep operating costs down. The detailed fund balance classifications for the General Fund can be found in Note 13, which is on page 49 of this report.

The Wastewater Treatment Plant. This Special Revenue Fund has a total fund balance of \$331,566 as of June 30, 2011, all of which is designated for the operation of the plant. A net increase in the fund balance of \$42,263 occurred during the year ended June 30, 2011. Revenue received during the current year was \$4,033 more than the final budget amount, and the \$102,038 decrease in expenditures resulted in a net increase of \$42,263 in the fund balance. Forty Eight percent of the additional revenue amount will be credited to the County of Kern based on our joint agreement.

The Wastewater Treatment Plant Capital Projects. This Capital Project Fund has a total fund balance of \$3,092,641. Total investment revenue was \$48,824. There was a net increase in the fund balance of \$150,024.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net

assets of the Federal Wastewater Treatment Plant, Community Correctional Facility, and Sewer operations at the end of the year were \$2,694,821, (\$302,158), and \$2,436,646, respectively. The Sewer fund experienced a net asset increase of \$123,044, and the Community Correctional Facility and Federal Wastewater Treatment Plant experienced net asset decreases of (\$88,484) and (\$7,428), respectively.

The Statement of Net Assets for the Proprietary Funds is on page 20-21 in this report. The Statement of Revenue and Expenses and Changes in Fund Net Assets is on page 22-23 in this report.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets, net of accumulated depreciation, for its governmental and business type activities as of June 30, 2010 was \$15,853,982. This investment includes land, buildings and building improvements, machinery and equipment, park facilities, roads and streets, and bridges. The governmental activities, including the internal service fund, had a total decrease in the net investment in capital assets for the current fiscal year of \$487,084, while the business type activities had a net decrease in the net investment in capital assets of \$280,642. The following projects were completed during the current year:

General Fund

- a. Code Enforcement purchased new code enforcement software from Hdl.
- b. Purchase new Plotter for Planning Department.
- c. Inpavement lighting.
- d. Various street maintenance projects

Depreciation expense during the fiscal year was \$505,360 for governmental activities and \$441,774 for business type activities, as shown on the table below.

Capital Assets and Depreciation Schedules.

<u>Governmental Activities</u>	<u>Beginning Balance as of June 30, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance as of June 30, 2011</u>
Land	\$3,040,113			3,040,113
Buildings and improvements	8,716,182	13,539		8,729,721
Machinery and equipment	3,057,847	158,005	(48,407)	3,167,445
Infrastructure - Roadway System	3,438,995	390,383		3,829,378
Infrastructure - Bridges	265,183			265,183
Construction in progress	121,950	85,144		207,094
Less Accumulated Depreciation Governmental Activities Capital Assets, Net	(8,321,504)	(505,360)	43,876	(8,782,988)
	<u>\$10,318,766</u>	<u>141,711</u>	<u>(4,531)</u>	<u>10,455,946</u>

<u>Business-type Activities</u>	<u>Beginning Balance as of June 30, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance as of June 30, 2011</u>
Buildings and improvements	\$6,384,613	21,123		6,405,736
Machinery and equipment	\$1,501,317	40,332	(1,345)	1,995,465
Infrastructure - Sewer System	\$2,667,286			2,667,286
Construction in progress	138,913			138,913
Less Accumulated Depreciation Business-type Activities Capital Assets, Net	(5,156,913)	(441,774)	2,621	(5,596,066)
	<u>\$5,535,216</u>	<u>74,842</u>	<u>1,276</u>	<u>5,611,334</u>

Additional information on the City's capital assets can be found in note 6 on page 42 of this report.

Long -Term debt

Governmental activities debt at the end of the current fiscal year included revenue refunding bonds outstanding of \$3,840,000 and other debt outstanding of \$198,567. The total debt decrease during the current fiscal year was \$137,527 as shown on the table below.

<u>Governmental Activities</u>	<u>Beginning Balance as of June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance as of June 30, 2011</u>
1998 Revenue Refunding Bonds	\$3,975,000		(135,000)	3,840,000
Compensated Absences	\$201,094		(2,527)	198,567
Governmental Activities, Long-Term Liabilities	\$4,176,094		(137,527)	4,038,567

<u>Business-type Activities</u>	<u>Beginning Balance as of June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance as of June 30, 2011</u>
Compensated Absences	\$150,322	11,490		161,812
2006 Sewer loan	712,000		(129,000)	583,000
Business-type Activities, Long-Term Liabilities	\$862,322	11,490	(129,000)	744,812

Business type activities bond debt at the end of the current fiscal year included Certificates of Participation bonds were refinanced with a private placement loan transferring the outstanding debt of \$1,455,000 (minus reserve balance) to the 2006 Sewer loan in the amount \$1,066,000. The amount outstanding as of June 30, 2011 was \$583,000, and other debt outstanding including compensated absences, of \$161,812. The total debt decrease during the current fiscal year was \$117,510.

Long-term Liability Schedules

Additional information on the City's long-term debt can be found in notes 7 and 8 on pages 44 of this report

Economic Factors and Next Year's Budget and Rates

- Property Tax Summary – Property tax revenue is projected to remain flat at 0% growth compared to last year's estimate of negative 2% as projected by Kern County.
- Sales Tax Summary – Sales and use tax revenue estimates are projected at an additional 2.6% growth as compared to last year's revenue estimates.
- State of California – The State budget remains a major concern in determining the City's budget for fiscal year 2010-2011 and beyond. The State has given notice that they are closing the Community Correctional Facilities and shifting inmates to County Facilities. This will result in general fund revenue decrease of \$422,887 for fiscal year ending June 30, 2012 and \$701,844 for fiscal year ending June 30, 2013 and beyond.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 209 E. Kern Street, Taft, CA 93268.

CITY OF TAFT
STATEMENT OF NET ASSETS
JUNE 30, 2011

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 3,537,252	\$ 6,472,437	\$ 10,009,689
Cash and investments with fiscal agents	479,647		479,647
Accounts receivable	2,441,281	2,527,552	4,968,833
Interest receivable	4,028	3,723	7,751
Advances from other funds	3,042,408	(3,042,408)	
Notes receivable	4,005,184		4,005,184
Prepaid expenses	140,336	74,423	214,759
Deferred charges, net of accumulated amortization	127,329	19,989	147,318
Capital assets not being depreciated	3,247,207	138,913	3,386,120
Capital assets, net of accumulated depreciation	7,208,739	5,472,419	12,681,158
Total assets	24,233,411	11,667,048	35,900,459
 LIABILITIES			
Accounts payable	528,016	428,693	956,709
Accrued interest payable	111,150	11,660	122,810
Deposits payable		34,691	34,691
Unearned revenue	215,745	24,989	240,734
Noncurrent liabilities:			
Due within one year	184,929	180,138	365,067
Due in more than one year	3,853,638	564,674	4,418,312
Total liabilities	4,893,478	1,244,845	6,138,323
 NET ASSETS			
Invested in capital assets, net of related debt	7,222,922	5,048,321	12,271,243
Restricted for:			
Streets and roads	124,066		124,066
Public safety	474,347		474,347
Public works	331,566		331,566
Health and welfare	32,233		32,233
Community development	4,712,017		4,712,017
Debt service	357,786		357,786
Capital projects - WWTP	3,092,641		3,092,641
Unrestricted	2,992,355	5,373,882	8,366,237
Total net assets	\$ 19,339,933	\$ 10,422,203	\$ 29,762,136

See accompanying notes to financial statements

**CITY OF IAFI
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ (2,204,592)	\$ 103,278	\$ 1,198,626	\$ -
Public safety	(3,169,501)	42,440	1,088,603	
Public works	(1,508,562)	51,072	280,850	94,624
Health and welfare	(180,416)	126,815		
Community development	(562,423)		813,825	
Interest on long-term debt	(227,030)			
Total governmental activities	(7,852,524)	323,605	3,381,904	94,624
Business-type activities:				
County correctional facility (CCF)	(9,021,994)	31,594	8,901,916	
Federal WWIP	(741,832)		691,536	
Sewer	(723,277)	803,245		
Refuse	(610,595)	659,585		
Transit	(937,096)	31,336	1,006,205	
Total business-type activities	(12,034,794)	1,525,760	10,599,657	
Total government	\$ (19,887,318)	\$ 1,849,365	\$ 13,981,561	\$ 94,624

General revenues and transfers:

Taxes:

 Property taxes

 Sales tax

 Other taxes

Motor vehicle in lieu fees, unrestricted

Investment earnings

Miscellaneous

Transfers

 Total general revenues and transfers

Change in net assets

Net assets, beginning of fiscal year

Prior period adjustments

Net assets, beginning of fiscal year, restated

Net assets, end of fiscal year

See accompanying notes to financial statements

Net (Expense) Revenue and Change in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (902,688)	\$ -	\$ (902,688)
(2,038,458)		(2,038,458)
(1,082,016)		(1,082,016)
(53,601)		(53,601)
251,402		251,402
(227,030)		(227,030)
<u>(4,052,391)</u>		<u>(4,052,391)</u>
	(88,484)	(88,484)
	(50,296)	(50,296)
	79,968	79,968
	48,990	48,990
	<u>100,445</u>	<u>100,445</u>
	90,623	90,623
<u>(4,052,391)</u>	90,623	<u>(3,961,768)</u>
973,048		973,048
1,614,881		1,614,881
410,547		410,547
683,421		683,421
417,456	111,815	529,271
604,582		604,582
4,655	(4,655)	
<u>4,708,590</u>	<u>107,160</u>	<u>4,815,750</u>
656,199	197,783	853,982
19,204,769	10,224,420	29,429,189
<u>(521,035)</u>		<u>(521,035)</u>
<u>18,683,734</u>	<u>10,224,420</u>	<u>28,908,154</u>
<u>\$ 19,339,933</u>	<u>\$ 10,422,203</u>	<u>\$ 29,762,136</u>

**CITY OF IAFT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011**

ASSETS	General	WWIP Capital Projects	Revolving Loan Fund - CDBG	ICDA Capital Projects	Total Non-Major Governmental Funds	Total Governmental Funds
Cash and investments	\$ -	\$ 1,733,691	\$ 26,330	\$ 75,504	\$ 1,679,825	\$ 3,515,350
Cash and investments with fiscal agents					479,647	479,647
Receivables:						
Accounts	501,905			15	1,939,361	2,441,281
Interest	1,060	1,783	9		1,176	4,028
Notes	5,944		2,173,200		1,826,040	4,005,184
Due from other funds	3,186,306	1,357,167				4,543,473
Advances to other funds	3,215,542					3,215,542
Prepaid items	139,083			64	447	139,594
Total assets	\$ 7,049,840	\$ 3,092,641	\$ 2,199,539	\$ 75,583	\$ 5,926,496	\$ 18,344,099
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 394,465	\$ -	\$ 700	\$ 45,622	\$ 64,585	\$ 505,372
Due to other funds					1,501,065	1,501,065
Advances from other funds				3,215,542		3,215,542
Deferred revenue	566,211		2,173,200		1,826,040	4,565,451
Total liabilities	960,676		2,173,900	3,261,164	3,391,690	9,787,430
FUND BALANCES						
Nonspendable	3,360,569			64	447	3,361,080
Restricted			25,639		2,597,880	2,623,519
Assigned		3,092,641				3,092,641
Unassigned	2,728,595			(3,185,645)	(63,521)	(520,571)
Total fund balances	6,089,164	3,092,641	25,639	(3,185,581)	2,534,806	8,556,669
Total liabilities and fund balances	\$ 7,049,840	\$ 3,092,641	\$ 2,199,539	\$ 75,583	\$ 5,926,496	\$ 18,344,099

See accompanying notes to financial statements

CITY OF TAFI
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Fund balances of governmental funds \$ 8,556,669

Amounts reported for governmental activities in the statements of net assets are different because:

Capital assets, net of accumulated depreciation, used in governmental activities and are not current financial resources. Therefore, they are not reported in the governmental funds.

Total capital assets	\$ 19,238,934	
Accumulated depreciation	<u>(8,782,988)</u>	10,455,946

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Long-term liabilities include the revenue refunding bonds, and compensated absences (4,038,567)

Accrued interest payable is not recorded in the governmental funds since interest expenditures are recognized when paid. (111,150)

Debt issuance costs are expenditures in the governmental funds, but these costs are capitalized in the statement of net assets. Likewise, deferred gain (loss) on the refunding of debt is amortized over the life of the debt.

Total debt issuance costs	\$ 224,422	
Accumulated amortization	<u>(97,093)</u>	127,329

Certain revenues are deferred in the governmental funds because the availability criteria is not met. These revenues are not deferred in the statement of net assets. 4,349,706

Net assets of governmental activities \$ 19,339,933

See accompanying notes to financial statements

CITY OF TAFI
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General	WWIP Capital Projects	Revolving Loan Fund - CDBG	TCDA Capital Projects	Total Non-major Governmental Funds	Total
REVENUES						
Property taxes	\$ 517,086	\$ -	\$ -	\$ -	\$ 455,962	\$ 973,048
Sales taxes	1,614,881					1,614,881
Other taxes	1,093,968					1,093,968
Licenses and permits, and fees	144,087					144,087
Fines and forfeitures	5,833				14,091	19,924
Uses of money and property	165,043	48,824	402	49,700	153,487	417,456
Intergovernmental	1,095,936				1,857,642	2,953,578
Current services charges	458,435				137,168	595,603
Other	612,044		15,914		63,565	691,523
Total revenues	5,707,313	48,824	16,316	49,700	2,681,915	8,504,068
EXPENDITURES						
Current:						
General government	1,451,780				666,888	2,118,668
Public safety	2,950,588				132,051	3,082,639
Public works	1,601,541				5,518	1,607,059
Health and welfare					117,578	117,578
Community development	11,932		33,614	374,589	527,223	947,358
Capital outlay	284,288					284,288
Debt service:						
Principal					135,000	135,000
Interest and fiscal charges				345,607	229,590	575,197
Total expenditures	6,300,129		33,614	720,196	1,813,848	8,867,787
Excess of revenues over (under) expenditures	(592,816)	48,824	(17,298)	(670,496)	868,067	(363,719)
OTHER FINANCING SOURCES (USES)						
Transfers in	251,779	131,200		80,000	72,918	535,897
Transfers out					(531,242)	(531,242)
Total other financing sources (uses)	251,779	131,200		80,000	(458,324)	4,655
Net change in fund balances	(341,037)	180,024	(17,298)	(590,496)	409,743	(359,064)
Fund balances (deficits), beginning of fiscal year	6,430,201	2,912,617	42,937	(2,181,863)	2,232,876	9,436,768
Prior period adjustments				(413,222)	(107,813)	(521,035)
Fund balances (deficits), beginning of fiscal year, restated	6,430,201	2,912,617	42,937	(2,595,085)	2,125,063	8,915,733
Fund balances (deficits), end of fiscal year	\$ 6,089,164	\$ 3,092,641	\$ 25,639	\$ (3,185,581)	\$ 2,534,806	\$ 8,556,669

See accompanying notes to financial statements

CITY OF TAFT
 GOVERNMENTAL FUNDS
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Net change in fund balances of governmental funds \$ (359,064)

Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of revenues, expenditures, and changes in fund balance because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This activity is reconciled as follows:

Cost of assets capitalized	\$ 647,071	
Adjusted basis of assets sold	(4,531)	
Depreciation expense	<u>(505,360)</u>	137,180

Interest expenditures are reported in the governmental funds when paid. Interest expense is reported on the statement of activities when incurred. This amount represents the difference between interest paid and interest incurred 3,645

Debt issuance costs are expenditures in the governmental funds, but these costs are capitalized on the statement of net assets. This is the amount of amortization of debt issuance costs in the current period (7,716)

Certain notes receivable are reported in the governmental funds as expenditures and then offset by a deferred revenue as they are not available to pay current expenditures. Likewise when the note is collected it is reflected in revenue. This is the net change between notes receivable collected and issued 400,105

Interest on advance receivable is reported in the governmental funds as deferred revenue, as it is not available to pay current expenditures 344,522

Debt repayments are reported as an expenditures in the governmental funds. The repayment is not an expense in the statement of activities as it is a reduction of a long-term liability. The balance for compensated absences reflects the difference between absences accrued and absences paid.

Debt principal repayments	\$ 135,000	
Compensated absences	<u>2,527</u>	<u>137,527</u>

Change in net assets of governmental activities \$ 656,199

See accompanying notes to financial statements

**CITY OF TAFT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011**

	Business-type Activities			
	Enterprise Funds			
	CCF	Federal WWIP	Sewer	Refuse
ASSETS				
Current assets:				
Cash and investments	\$ 100	\$ 2,702,611	\$ 2,310,922	\$ 1,449,113
Receivables:				
Accounts	1,705,333		162,182	128,051
Interest		1,564	1,324	835
Prepaid expenses	71,733	75	127	304
Total current assets	<u>1,777,166</u>	<u>2,704,250</u>	<u>2,474,555</u>	<u>1,578,303</u>
Noncurrent assets:				
Deferred issuance costs, net of accumulated amortization			19,989	
Capital assets, not being depreciated		138,913		
Capital assets, net of accumulated depreciation	197,534	2,924,125	1,424,722	52,141
Total noncurrent assets	<u>197,534</u>	<u>3,063,038</u>	<u>1,444,711</u>	<u>52,141</u>
Total assets	<u>1,974,700</u>	<u>5,767,288</u>	<u>3,919,266</u>	<u>1,630,444</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	343,875	9,257	2,403	14,100
Interest payable			11,660	
Due to other funds	1,612,843			
Deferred revenue				
Deposits payable			16,476	18,215
Current portion of compensated absences	30,651	43	5,528	1,868
Current portion of long-term debt			136,000	
Total current liabilities	<u>1,987,369</u>	<u>9,300</u>	<u>172,067</u>	<u>34,183</u>
Noncurrent liabilities:				
Compensated absences	91,955	129	1,842	5,603
Long-term debt			447,000	
Total noncurrent liabilities	<u>91,955</u>	<u>129</u>	<u>448,842</u>	<u>5,603</u>
Total liabilities	<u>2,079,324</u>	<u>9,429</u>	<u>620,909</u>	<u>39,786</u>
NET ASSETS				
Invested in capital assets, net of related debt	197,534	3,063,038	861,711	52,141
Unrestricted	(302,158)	2,694,821	2,436,646	1,538,517
Total net assets (deficit)	<u>\$ (104,624)</u>	<u>\$ 5,757,859</u>	<u>\$ 3,298,357</u>	<u>\$ 1,590,658</u>

See accompanying notes to financial statements

Business-type Activities		Governmental
Enterprise Funds		Activities
Transit	Total Enterprise Funds	Internal Service Fund
\$ 9,691	\$ 6,472,437	\$ 21,902
531,986	2,527,552	
2,184	3,723	
	74,423	742
543,861	9,078,135	22,644
	19,989	
	138,913	
873,897	5,472,419	
873,897	5,631,321	
1,417,758	14,709,456	22,644
59,058	428,693	6,886
	11,660	
1,429,565	3,042,408	
24,989	24,989	
	34,691	
6,048	44,138	15,758
	136,000	
1,519,660	3,722,579	22,644
18,145	117,674	
	447,000	
18,145	564,674	
1,537,805	4,287,253	22,644
873,897	5,048,321	
(993,944)	5,373,882	
\$ (120,047)	\$ 10,422,203	\$ -

CITY OF IAFT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities			
	Enterprise Funds			
	CCF	Federal WWTP	Sewer	Refuse
OPERATING REVENUES				
Charges for services	\$ 8,901,916	\$ 691,536	\$ 803,245	\$ 659,585
Other	31,594			
Total operating revenues	<u>8,933,510</u>	<u>691,536</u>	<u>803,245</u>	<u>659,585</u>
OPERATING EXPENSES				
Salaries and wages	4,135,833	11,579	47,282	60,072
Training and development	1,578	303	436	141
Contract and professional services	1,842,101	378,934	98,938	391,270
Maintenance and operations	47,971	18,377	464,486	104,509
Materials and supplies	216,450	12,000	279	279
Insurance	233,784	6,438	6,438	6,438
Utilities	309,720	33,497	142	
Administrative service charges	9,661	57,010	373	376
Depreciation	74,336	178,929	66,682	20,572
Leases and rents	2,040,330			
Other operating expenses	79,475	44,765	3,562	26,938
Total operating expenses	<u>8,991,239</u>	<u>741,832</u>	<u>688,618</u>	<u>610,595</u>
Operating income (loss)	<u>(57,729)</u>	<u>(50,296)</u>	<u>114,627</u>	<u>48,990</u>
NONOPERATING REVENUES (EXPENSES)				
Interest earnings on investments		42,868	46,401	22,546
Interest expense	(30,741)		(28,500)	
Gain (loss) on disposal of capital assets	(14)			
Amortization expense			(6,159)	
Total nonoperating revenues (expenses)	<u>(30,755)</u>	<u>42,868</u>	<u>11,742</u>	<u>22,546</u>
OTHER FINANCING SOURCES (USES)				
Transfers out			(3,325)	
Total other financing sources (uses)			<u>(3,325)</u>	
Changes in net assets	(88,484)	(7,428)	123,044	71,536
Total net assets (deficit), beginning of fiscal year	<u>(16,140)</u>	<u>5,765,287</u>	<u>3,175,313</u>	<u>1,519,122</u>
Total net assets (deficit), end of fiscal year	<u>\$ (104,624)</u>	<u>\$ 5,757,859</u>	<u>\$ 3,298,357</u>	<u>\$ 1,590,658</u>

See accompanying notes to financial statements

Business-type Activities		Governmental
Enterprise Funds		Activities
Transit	Totals	Internal Service Fund
\$ 31,336	\$ 11,087,618	\$ 164,973
1,006,205	1,037,799	
1,037,541	12,125,417	164,973
527,503	4,782,269	123,430
4,505	6,963	
36,775	2,748,018	3,791
142,075	777,418	10,789
31,318	260,326	7,850
6,783	259,881	
3,255	346,614	5,378
50,213	117,633	13,735
101,255	441,774	
7,200	2,047,530	
5,689	160,429	
916,571	11,948,855	164,973
120,970	176,562	
	111,815	
(20,525)	(79,766)	
	(14)	
	(6,159)	
(20,525)	25,876	
(1,330)	(4,655)	
(1,330)	(4,655)	
99,115	197,783	
(219,162)	10,224,420	
\$ (120,047)	\$ 10,422,203	\$ -

CITY OF TAFT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities		
	Enterprise Funds		
	CCF	Federal WWIP	Sewer
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 8,384,924	\$ 691,456	\$ 787,042
Cash paid to suppliers for goods and services	(4,688,150)	(579,778)	(574,580)
Cash paid to employees for services	(4,129,826)	(11,820)	(47,643)
Net cash provided (used) by operating activities	<u>(433,052)</u>	<u>99,858</u>	<u>164,819</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(24,266)		
Interest paid	(31,357)		(28,301)
Repayment of long-term debt			(135,000)
Net cash used by capital and related financing activities	<u>(55,623)</u>		<u>(163,301)</u>
Cash Flows from Investing Activities:			
Interest received		43,199	46,180
Net cash provided by investing activities		<u>43,199</u>	<u>46,180</u>
Cash Flows from Non-Capital Financing Activities:			
Due to other funds	488,675	1,986,265	
	<u>488,675</u>	<u>1,986,265</u>	
Net increase (decrease) in cash and cash equivalents		2,129,322	47,698
Cash and Cash Equivalents at Beginning of Fiscal Year	100	573,289	2,263,224
Cash and Cash Equivalents at End of Fiscal Year	<u>\$ 100</u>	<u>\$ 2,702,611</u>	<u>\$ 2,310,922</u>
Noncash transactions			
Amortization of deferred charges	\$ -	\$ -	\$ 6,159
Reconciliation to Statement of Net Assets:			
Cash and investments	\$ 100	\$ 2,702,611	\$ 2,310,922
Reconciliation of Operating Income (loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (57,729)	\$ (50,296)	\$ 114,627
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	74,336	178,929	66,682
(Increase) decrease in prepaid expenses	13,668	(75)	(127)
(Increase) decrease in accounts receivable	(548,586)	(331)	(16,476)
Increase (decrease) in accounts payable	77,674	(28,431)	(235)
Increase (decrease) in deposits payable			273
Increase (decrease) in compensated absences	7,585	62	75
Increase (decrease) in deferred revenue			
Total adjustments	<u>(375,323)</u>	<u>150,154</u>	<u>50,192</u>
Net cash provided (used) by operating activities	<u>\$ (433,052)</u>	<u>\$ 99,858</u>	<u>\$ 164,819</u>

See accompanying notes to financial statements

Business-type Activities			Governmental
Enterprise Funds			Activities
Refuse	Transit	Totals	Internal Service Fund
\$ 659,585	\$ 709,588	\$ 11,232,595	\$ 164,973
(533,281)	(260,977)	(6,636,766)	(56,293)
(60,125)	(528,328)	(4,777,742)	(107,672)
66,179	(79,717)	(181,913)	1,008
(24,406)	(467,944)	(516,616)	
	(19,785)	(79,443)	
		(135,000)	
(24,406)	(487,729)	(731,059)	
21,407		110,786	
21,407		110,786	
	567,468	2,553,733	
	567,468	2,553,733	
63,180	22	1,751,547	1,008
1,385,933	9,669	4,232,215	20,894
\$ 1,449,113	\$ 9,691	\$ 6,472,437	\$ 21,902
\$ -	\$ -	\$ 6,159	\$ -
\$ 1,449,113	\$ 9,691	\$ 6,472,437	\$ 21,902
\$ 48,990	\$ 120,970	\$ 176,562	\$ -
20,572	101,255	441,774	
	(2,684)	10,782	(717)
(6,041)	(328,312)	(899,746)	
2,350	25,015	76,373	(14,033)
220		493	
88	3,680	11,490	15,758
	359	359	
17,189	(200,687)	(358,475)	1,008
\$ 66,179	\$ (79,717)	\$ (181,913)	\$ 1,008

**CITY OF IAFT
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2011**

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 22,287
Cash and investments with fiscal agents	3,424,507
Accounts receivable	2,208
Total assets	\$ 3,449,002
 LIABILITIES	
Accounts payable	\$ 42
Due to inmates	23,896
Due to bondholders	3,266,064
Deposits payable	159,000
Total liabilities	\$ 3,449,002

See accompanying notes to financial statements

Notes to Financial Statements

**CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Taft, California (the City), which was founded on November 7, 1910, has a population of 9,052 living within an area of 15.05 square miles. It is located in Western Kern County 119 miles northwest of Los Angeles, 280 miles south of San Francisco, and 37 miles southwest of Bakersfield in the foothills of the western edge of southern San Joaquin Valley.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in the U.S. GAAP. The basic—but not the only—criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

Included within the reporting entity:

- ***Taft Public Financing Authority***. A nonprofit public benefit corporation created in 1994 through a Joint Exercise of Powers agreement between the City of Taft and the Taft Community Development Agency established for the purpose of, among other things, issuing bonds to provide financing and refinancing for public capital improvements of the City and Agency. (Separate financial statements are not prepared for this entity.)
- ***Taft Public Improvement Corporation***. A nonprofit public benefit corporation, created in 1989 to provide services for the betterment of the City. These services include constructing various capital improvements for the City, assisting with the creation or expansion of the City's facilities, the purchase and sale of real or personal property and assisting the City to finance, acquire, construct and install such property. (Separate financial statements are not prepared for this entity.)
- ***Taft Community Development Agency (TCDA)***. The TCDA was established in 1985 and operates under the guidance of the City Council, which meets separately as the Agency Board to approve the issuance of debt, contracts, expenditures, and the budget. The City's Financial Department maintains the accounting records for the TCDA. The TCDA is included in the City's reporting entity. Separate financial statements for the Agency can be obtained at the Taft City Hall.

CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

- **Greater Taft Transportation Authority.** The Greater Taft Transportation Authority (GITA) was formed in April 2001 as a joint exercise of powers between the City of Taft and Taft Community Development Agency pursuant to the California Government Code Section 6500 et seq. (Separate financial statements are not prepared for the GITA.)

B. Accounting and Reporting Policies

The City has conformed to the pronouncements of the GASB, which are the primary authoritative statements of accounting principles generally accepted in the United States of America applicable to state and local governments. In accordance with GASB Statement No. 20, the City applies all applicable Financial Accounting Standards Board (FASB) pronouncements, as well as those of its predecessors, issued on or before November 30, 1989, unless any such pronouncements contradict GASB pronouncements. The City also applies all FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements to its business-type activities and enterprise funds.

C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad categories as follows:

Governmental Funds:

- **General Fund.** The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds.
- **Special Revenue Funds.** The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.
- **Debt Service Fund.** The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.
- **Capital Projects Fund.** The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting (Continued)

Proprietary Funds:

- **Enterprise Funds.** The Enterprise Funds are used to account for 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.
- **Internal Service Fund – Garage Fund.** The Garage Fund is used to account for the cost of providing vehicle maintenance to operating funds. Costs are recovered by user charges.

Fiduciary Funds:

- **Agency Funds.** The Agency Funds are used to account for assets held by the City as an agent. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Basis of Accounting/Measurement Focus

Government-wide Financial Statements

The City's Government-wide Financial Statements include a Statement of Net Assets and a Statement of Activities (including changes in Net Assets). These statements present summaries of governmental and business-type activities of the City. Fiduciary activities of the City are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the City's assets and liabilities, including capital assets and infrastructure as well as long-term debt, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function. Grant and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenue are reported as general revenue.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Assets have been eliminated.

CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus (Continued)

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet, and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and aggregated non-major funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net assets presented in the government-wide financial statements. The City has presented all major funds that met the qualifications of GASB Statement No. 34.

All governmental funds are accounted for on a spending or financial flow measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is their net current assets, which is considered only to be a measure of available spendable resources. Governmental fund operating statements present a summary of sources and uses of available spendable resources during a period by presenting increases and decreases in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they both become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. Those revenues susceptible to accrual are property taxes, sales taxes, interest revenues, charges for services, and special assessments. Licenses, fines, and permit revenues are not susceptible to accrual because they generally are not measurable until received in cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on long term obligations which are recognized when due. Because of their current financial resources focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund expenditures or fund liabilities.

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 WWIP Capital Projects Fund is used to account for capital asset acquisition and construction of the wastewater treatment plant.

The Revolving Loan Fund – CDBG was established to account for Community Development grants by using Community Development program revenue.

The ICDA Capital Projects Fund – is used to account for the accumulation of property taxes and community development projects of the Taft Community Development Agency all project expenditures, including acquisition of properties, cost of site improvements, and other costs within project areas.

**CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus (Continued)

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows. All proprietary fund types are accounted for using the accrual basis of accounting and the economic resources measurement focus. Their revenues are recognized when earned, and expenses are recognized when incurred. All liabilities associated with their activity are also included in the Statement of Net Assets.

Proprietary Funds include enterprise funds. The City reports the following major enterprise funds:

The Federal WWIP Fund is used to account for the operations related to building and maintaining a wastewater treatment plant for the federal prison.

The CCF Fund is used to account for the operations of the Community Correctional Facility. The CCF provides housing and program services to the California Department of Corrections. The City was notified by the State of California the CCF contract was cancelled on November 2011. However, the State of California is continuing lease payments to the City through January 2017.

The Sewer Fund is used to account for the operations of the City's sewer system.

The Transit Fund is used to record the operations of the Taft Area Transit Dial-A-Ride service. The enterprise collects fares from users of the service.

The Refuse Fund is used to record the operation of the refuse removal enterprise of the City. The enterprise collects user fees for the collection of refuse from businesses and residents in the City of Taft. The street sweepers including personnel costs were transferred on July 1, 2011 to this fund from the General Fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for services. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenue of the internal service fund is charges to other funds. Operating expenses for the internal service fund include the costs of vehicle maintenance.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Assets and Liabilities. The fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. Since these assets are being held for the benefit of a third party, these funds are not incorporated into the government-wide statements.

**CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus (Continued)

Fiduciary Fund Financial Statements

The City's only fiduciary funds are agency funds, which use the accrual basis of accounting to account for amounts held for debt service related to conduit debt and also for amounts held on behalf of inmates housed in the Community Correctional Facility. The Agency funds are custodial in nature (assets equal liabilities) and therefore do not involve measurement of results of operations.

In fiscal year 2011- 2012, the Inmate Trust Fund will commence liquidation with the remaining activity distributed by the City to inmates as appropriate.

E. Budgetary Policy and Control

General Budget Policies

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public meetings are conducted prior to its adoption by the Council. All appropriations lapse at year-end. The City Council has the legal authority to amend the budget at any time during the fiscal year. The City Manager has the authority to make adjustments to the operating budget within each fund. Transfers of operating budget appropriations between funds or to or from appropriated reserve accounts, use of unappropriated fund balances, cancellation of appropriations and all changes in capital improvement project budgets require the approval of the City Council.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) for the operating budget is at fund level. Formal budgetary integration is employed as a management control device during the year for the Governmental Fund Types.

There were no budgets adopted for the following funds: High Technology, CDBG 09-EDEF-6534, 08-EDEF-5878, CDBG, Cal Homes Revolving Loan, BJA Grant, D.A.R.E, Tarp Revolving, Calhomes-4917, Housing Rehab Grant-SIBG-5084, Revolving Loan Fund - Home, and RLF-CDBG (major fund).

F. Cash/Investment Policy

In order to maintain an effective investment program, all cash, except certain trust and agency cash and restricted cash, is pooled, and amounts not required for day-to-day financial transactions are invested as approved by the City Council on a pooled basis and earnings are allocated to each fund on the basis of its average cash balance at the end of each quarter.

GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Pools", requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the year in which the change occurred. In accordance with GASB Statement No. 31, the City has adjusted certain investments to fair value (when material).

CITY OF IAFI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets and Depreciation

Capital assets, which include buildings, machinery and equipment, and infrastructure assets (roads, bridges, etc) are reported in the government-wide financial statements as well as proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$500. Sensitive items with costs below \$500 are also included. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available.

Capital assets are depreciated over their estimated useful lives using the straight-line method. This means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The purpose of depreciation is to spread the cost of capital assets over the useful life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation of capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the Statement of Net Assets of the government-wide financial statements as a reduction in the book value of capital assets.

The City has assigned the useful lives listed below to capital assets:

Structures and improvements	20-40 Years
Machinery and equipment	5-20 Years
Infrastructure	
Pavement	40 Years
Concrete	60 Years

H. Bond Issuance Costs

Bond issuance costs and loan issuance costs in government-wide and proprietary fund statements are deferred and amortized over the term of the bonds/loans using the straight-line method.

Bond/loan issuance costs in the governmental funds are accounted for as expenditures in the year of payment.

I. Interfund Transactions

Quasi-external transactions are accounted for as fund revenues or expenditures/expenses. Transactions, which constitute reimbursements to a fund for expenditures/expenses are recorded as expenditures/expenses in the reimbursing fund, and as reductions of the expenditures/expenses in the reimbursed fund.

CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capitalized Interest

No interest cost relating to construction was capitalized.

K. Compensated Absences

- **Sick leave liability**

Generally, employees earn one day of sick leave per month with a maximum accumulation of 720 hours. All employees are entitled to payment for accumulated sick leave up to the lower of 50 percent of earned days or forty-five days, upon retirement, death, or disability.

- **Vacation leave liability**

Employees earn ten days vacation leave per year, up to four years service; from four years through nine years service, fifteen days are earned; from ten years through nineteen years service, twenty days are earned; and after nineteen years, twenty-five days. All employees are able to accrue an amount equal to twice the employee's annual accrual after which further accrual will cease. Accumulated vacation is payable upon termination. The compensated absences accrual at June 30, 2011, amounted to \$198,567 for Governmental Activities and \$161,812 for Business-type Activities.

L. Property Taxes

Property Taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments which are delinquent after December 10 and April 10. Unsecured personal property taxes become due on July 1st of each year and are delinquent, if unpaid by August 31st. Kern County bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized on the modified accrual basis of accounting method. The County is permitted by State Law (Proposition 13) to levy taxes at 1 percent of full value (at time of purchase). The City receives a share of this basic levy proportionate to what it received in the 1976 to 1978 period.

M. Cash Flows

Proprietary fund type cash and investments are used in the preparation of the statement of cash flows as investments are pooled and are not allocated to specific funds. Each of these funds' share of pooled cash and investments is considered cash for purposes of the statement of cash flows since these amounts are immediately available for withdrawal. For the purposes of the Proprietary Funds' Statement of Cash Flows, the City considers all investments with a maturity of three months or less when purchased to be cash equivalents.

N. Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed. Restricted resources are defined as resources received from outside agencies dedicated for specific purposes (grants for example).

CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Estimates

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 effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

P. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 54

For the fiscal year ended June 30, 2011, the City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54), "*Fund Balance Reporting and Governmental Fund Type Definitions*." The requirements of this statement are effective for financial statement periods beginning after June 15, 2010.

GASB 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied, and it clarifies the existing governmental fund type definitions. It establishes fund balance classification that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are described in the Fund Equity section and footnote 13.

The definitions of the General fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this statement.

Governmental Accounting Standards Board Statement No. 59

For the fiscal year ended June 30, 2011, the City implemented GASB Statement No. 59, "*Financial Instruments Omnibus*". This Statement establishes standards to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The implementation of this Statement did not have an effect on these financial statements.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. General Budget Policies

1. The budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the fiscal year. All amendments made during the fiscal year are included in the budgetary amounts reported herein. The "appropriated budget" covers all City expenditures. Actual expenditures may not exceed budgeted appropriations at the fund level, which is the legal level of budgetary control.

**CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

A. General Budget Policies (Continued)

3. Formal budgetary integration is employed as a management control device during the fiscal year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Appropriations which are encumbered lapse at fiscal year-end, and then are added to the following fiscal year's budgeted appropriations.
4. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.

Budget comparisons are not presented for the Proprietary funds, as the City is not legally required to adopt a budget for this type of funds. See Note 1 (E) for other funds without budgets.

5. Capital projects are budgeted through the Capital Projects Funds. Appropriations for capital projects authorized but not constructed or completed during the fiscal year are carried forward as continuing appropriations into the following fiscal year's budget.
6. Under Article XIII-B of the California constitution (the GANN Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceed of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset by a deficit in the following year. For the fiscal year ended June 30, 2011, based on calculations by City staff, proceeds of taxes did not exceed appropriations. Further, section 5 of Article XIII-B allows the City to designate a portion of fund balance for general contingencies, to be used for any purpose.

B. Deficit Fund Balances/Net Assets

The following funds contained deficit fund balances/net assets as of June 30, 2011:

Governmental Funds:	
Major Funds:	
TCDA Capital Projects	\$3,185,581
Non-Major Funds	
Revolving Loan Fund-Home	9,450
Cal Home 4917	51,077
Business Assistance Grant EDEF 5878	2,189
Community Development Block Grant	262
Cal Homes Revolving Loan	149
Proprietary Funds:	
Major Fund:	
Transit	99,984

The City anticipates that future revenue will be sufficient to cover these deficits.

**CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

C. Excess of Expenditures over Appropriations

There were no funds with total excess of expenditures over appropriations in departments/cost centers of individual funds.

NOTE 3 – CASH AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Cash and investments at June 30, 2011, consisted of the following:

Statement of Net Assets:	
Cash and investments	\$ 10,009,689
Cash and investments with fiscal agents	479,647
Statement of Fiduciary Net Assets:	
Cash and investments	22,287
Cash and investments with fiscal agents	<u>3,424,507</u>
Total cash and investments	<u><u>\$ 13,936,130</u></u>

Cash and investments as of June 30, 2011 consisted of the following:

Cash on hand	\$ 600
Deposits held by financial institutions	503,923
Investments	<u>13,431,607</u>
Total cash and investments	<u><u>\$ 13,936,130</u></u>

Restricted cash and investments

The City reports amounts held by fiscal agents in debt service reserve accounts as restricted.

Investments authorized by the California Government Code and the City's Investment policy

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

**CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Authorized Investment Type	Maximum Maturity	Maximum Percentage/Amount of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 Years	None	None
Certificates of Deposit	5 Years	None	None
Negotiable Certificates of Deposit	3 Years	30%	None
Passbook Savings Accounts	N/A	None	None
County Pooled Investment Funds	N/A	50%	None
Local Agency Investment Fund (LAIF)	N/A	\$50,000,000	\$50,000,000
U.S. Agency Securities	N/A	None	None

Investment Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk.

Authorized Investment Type	Maximum Investment in One Issuer	Maximum Percent/Amount of Portfolio	Maximum Maturity
U.S. Agency Securities	None	None	None
Money Market Mutual Funds	None	None	N/A
Commercial Paper	None	None	270 days
Certificates of Deposit	None	None	5 years
Repurchase Agreements	None	None	180 days
U.S. Treasury Obligations	None	None	365 days
Time Deposits	None	None	365 days

Disclosures Relating to 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 investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 to 24 Months	25 to 60 Months	
State Investment Pool (LAIF)	\$ 4,847,753	\$ -	\$ -	\$ 4,847,753
Certificates of Deposit			1,679,700	1,679,700
U.S. Agency Securities			3,000,000	3,000,000
Held by Trustees:				
Money Market Funds	3,904,154			3,904,154
Total	\$ 8,751,907	\$ -	\$ 4,679,700	\$ 13,431,607

**CITY OF IAFI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 3 -- CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type:

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	S&P Rating			
				AAA	AA	A	Not Rated
State Investment Pool (LAIF)	\$ 4,847,753	N/A	\$ -	\$ -	\$ -	\$ -	\$ 4,847,753
Certificates of Deposit	1,679,700	N/A					1,679,700
U.S. Agency Securities	3,000,000	N/A		3,000,000			
Held by Trustees:							
Money Market Funds	3,940,154			3,940,154			
Total	\$ 13,467,607		\$ -	\$ 6,940,154	\$ -	\$ -	\$ 6,527,453

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than external investment pools and money market funds) that represent 5% or more of the total City's investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	U.S. Agency Security	\$ 3,000,000

Investments in any one issuer that represents 5% or more of total investments by reporting unit are as follows:

The \$3,000,000 in the above Federal Agency security is included within the City's cash and investment pool and therefore is not contained in any specific opinion unit

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of a failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total fair value deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: \$357,829 of the City deposits with financial institutions (including Certificates of Deposit) in excess of federal depository insurance limits were held in pledged collateral accounts as described above.

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.

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee, comprised of California State officials and various participants, provided oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The City is a voluntary participant in the investment pool.

NOTE 4 – NOTES RECEIVABLE

The City operates a loan program whereby funds are made available to eligible businesses and individuals for various purposes. Grant funds were originally used to start the program and repayments are required to be used for the same purpose. As of June 30, 2011, the balance of notes receivable was \$ 4,005,184. Of this amount, \$3,999,240 are deferred housing loans, which are due when the properties are transferred. These loans are collateralized by the titles of the properties. The remaining balances are made up of CDBG loans made to local businesses. These loans carry interest rates between 1% to 5%.

NOTE 5 – INTERFUND ACTIVITIES

In general, the City uses interfund transfers to (1) move revenues from the funds that collect them to the funds that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to help finance various programs and capital projects accounted for in other funds in accordance with budgetary authorization, and (3) move cash to debt service funds from the funds responsible for payment as debt service payments become due.

In general, the effect of the interfund activity has been eliminated from the government-wide financial statements.

**CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 5 – INTERFUND ACTIVITIES (Continued)

Interfund transfers during the fiscal year ended June 30, 2011 are as follows

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General	\$ 251,779	\$ -
Revolving Loan Fund - CDBG	80,000	-
ICDA Capital Projects	131,200	
Non-Major Governmental Funds:		
Housing Rehab Grant STBG-5084		892
Crime Prevention		16,401
Inmate Welfare Trust		218,627
Asset Forfeiture		11,204
WWIP Special Revenue		131,200
ICDA Debt Service	72,918	80,000
ICDA Housing Special Revenue		72,918
Business-type Activities:		
Sewer		3,325
Transit		1,330
Total interfund transfers	<u>\$ 535,897</u>	<u>\$ 535,897</u>

Current interfund balances arise in the normal course of business (i.e. one fund loaning funds to pay for current expenditures) and are expected to be repaid shortly after the end of the fiscal year. The following is a summary of interfund balances as of June 30, 2011.

	<u>Due To (Payable)</u>	<u>Due From (Receivable)</u>
Governmental Funds:		
Major Funds:		
General	\$ -	\$ 3,186,306
WWIP Capital Projects		1,357,167
Non-Major Funds:		
IDA Act	966,843	
CDBG 09 EDEF-6534	13,295	
CDBG	262	
Housing Rehab Grant STBG-5084	273,452	
Revolving Loan Fund - HOME	9,183	
WWIP Special Revenue	3,043	
08-EDEF-5878	3,876	
Cal Homes Revolving Loan Fund	149	
08-Cal Homes-4917	230,962	
Proprietary Funds:		
Major Funds:		
CCF	1,612,843	
Transit	1,429,565	
Total	<u>\$ 4,543,473</u>	<u>\$ 4,543,473</u>

In addition, the general fund advanced \$3,215,542 to the ICDA capital projects fund which has a corresponding liability of \$(3,215,542) to the general fund.

CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the government-wide statement of net assets. The City elected to use the basic approach as defined by GASB Statement No. 34 for all infrastructures reporting, whereby depreciation expense and accumulated depreciation have been recorded. The following table presents the capital asset activity for the fiscal year ended June 30, 2011.

<u>Governmental Activities</u>	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 3,040,113	\$ -	\$ -	\$ 3,040,113
Construction in progress	121,950	85,144		207,094
Total capital assets not being depreciated	<u>3,162,063</u>	<u>85,144</u>		<u>3,247,207</u>
Capital assets being depreciated:				
Structures and improvements	8,716,182	13,539		8,729,721
Machinery and equipment	3,057,847	158,005	(48,407)	3,167,445
Infrastructure:				
Roadway system	3,438,995	390,383		3,829,378
Bridges	265,183			265,183
Total capital assets being depreciated	<u>15,478,207</u>	<u>561,927</u>	<u>(48,407)</u>	<u>15,991,727</u>
Less accumulated depreciation for:				
Structures and improvements	(4,299,809)	(227,530)		(4,527,339)
Machinery and equipment	(2,598,260)	(184,319)	43,876	(2,738,703)
Infrastructure:				
Roadway system	(1,273,164)	(84,672)		(1,357,836)
Bridges	(150,271)	(8,839)		(159,110)
Total accumulated depreciation	<u>(8,321,504)</u>	<u>(505,360)</u>	<u>43,876</u>	<u>(8,782,988)</u>
Total capital assets, being depreciated net of accumulated depreciation	<u>7,156,703</u>	<u>56,567</u>	<u>(4,531)</u>	<u>7,208,739</u>
Total Governmental activities capital assets, net of accumulated depreciation	<u>\$ 10,318,766</u>	<u>\$ 141,711</u>	<u>\$ (4,531)</u>	<u>\$ 10,455,946</u>

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

General government	\$ 80,734
Public safety	86,862
Public works	259,755
Health and welfare	62,838
Community development	15,171
Total depreciation expense - governmental activities	<u>\$ 505,360</u>

CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION (Continued)

Changes in business-type activities capital assets:

<u>Business-type activities</u>	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Transfers- Net</u>	<u>Balance June 30, 2011</u>
Capital assets not being depreciated:				
Construction in progress	\$ 138,913	\$ -	\$ -	\$ 138,913
Total capital assets not being depreciated	<u>138,913</u>			<u>138,913</u>
Capital assets being depreciated:				
Structures and improvements	6,384,613	21,123		6,405,736
Machinery and equipment	1,501,317	495,493	(1,345)	1,995,465
Sewer infrastructure	2,667,286			2,667,286
Total capital assets being depreciated	<u>10,553,216</u>	<u>516,616</u>	<u>(1,345)</u>	<u>11,068,487</u>
Less accumulated depreciation for:				
Structures and improvements	(2,687,907)	(250,411)		(2,938,318)
Machinery and equipment	(1,293,124)	(124,681)	2,621	(1,415,184)
Sewer infrastructure	(1,175,882)	(66,682)		(1,242,564)
Total accumulated depreciation	<u>(5,156,913)</u>	<u>(441,774)</u>	<u>2,621</u>	<u>(5,596,066)</u>
Total capital assets, being depreciated, net of accumulated depreciation	<u>5,396,303</u>	<u>74,842</u>	<u>1,276</u>	<u>5,472,421</u>
Total Business-type activities capital assets, net of accumulated depreciation	<u>\$ 5,535,216</u>	<u>\$ 74,842</u>	<u>\$ 1,276</u>	<u>\$ 5,611,334</u>

Depreciation for business-type activities was charged to functions/programs as follows:

Federal WWTP	\$ 178,929
CCF	74,336
Sewer	66,682
Transit	101,255
Refuse	20,572
Total depreciation expense - business-type activities	<u>\$ 441,774</u>

CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7 – GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

During the fiscal year ended June 30, 2011, the following changes occurred to the governmental activities long-term liabilities:

<u>Governmental Activities</u>	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due in One Year
1998 Revenue Refunding Bonds	\$ 3,975,000	\$ -	\$ (135,000)	\$ 3,840,000	\$ 140,000
Compensated Absences	201,094		(2,527)	198,567	44,929
Total governmental activities long-term debt	<u>\$ 4,176,094</u>	<u>\$ -</u>	<u>\$ (137,527)</u>	<u>\$ 4,038,567</u>	<u>\$ 184,929</u>

1998 Revenue Refunding Bonds

On December 1, 1998, the Taft Financing Authority issued \$5,060,000 of 1998 Revenue Bonds for the purpose of refinancing the 1993 Revenue Bonds and certain loans from the City of Taft. Payment of these bonds is made by the ICDA Debt Service Fund. The Debt Service Fund also receives a transfer from the ICDA Special Revenue Fund for 20 percent of the annual debt service since this fund received 20 percent of the bond proceeds. The bonds bear interest at rates ranging from 4.25 to 5.80 percent. The maturity schedule of the bonds is as follows:

<u>Fiscal Year End June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 140,000	\$ 229,590	\$ 369,590
2013	145,000	222,300	367,300
2014	160,000	214,600	374,600
2015	165,000	206,190	371,190
2016	175,000	196,910	371,910
2017-2021	1,035,000	830,270	1,865,270
2022-2026	1,355,000	512,430	1,867,430
2027-2028	665,000	114,550	779,550
Total	<u>\$ 3,840,000</u>	<u>\$ 2,526,840</u>	<u>\$ 6,366,840</u>

Compensated Absences

The short-term portion of the liability is recorded in various funds and is determined to be the amount due to employees for future absences, which is attributable to services already rendered, and which is expected to be paid during the next fiscal year. The long-term portion is recorded only in the statement of net assets. The general fund is expected to liquidate approximately 75 percent of the liability, the WWTP special revenue fund approximately 10 percent, and other funds, the remaining 15 percent.

**CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 8 – BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT

During the fiscal year ended June 30, 2011, the following changes occurred to the business-type activities long-term liabilities:

<u>Business type activities</u>	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>	<u>Due in One Year</u>
2006 Sewer Loan	\$ 712,000	\$ -	\$ (129,000)	\$ 583,000	\$ 136,000
Compensated Absences	150,322	11,490		161,812	44,138
 Total business-type activities long-term debt	 \$ 862,322	 \$ 11,490	 \$ (129,000)	 \$ 744,812	 \$ 180,138

2006 Sewer Loan

On February 28, 2006 a loan in the amount of \$1,173,000 was issued with Citizens Business Bank at an interest rate of 4.80 percent. The loan was issued to refund the outstanding 1994 certificates of participation and to pay certain costs of issuance. Service charges in the Sewer fund are pledged for the loan. The maturity date of the loan is August 1, 2014. Debt service payments are detailed below.

Fiscal Year End <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 136,000	\$ 24,720	\$ 160,720
2013	142,000	18,048	160,048
2014	149,000	11,064	160,064
2015	156,000	3,744	159,744
Total	<u>\$ 583,000</u>	<u>\$ 57,576</u>	<u>\$ 640,576</u>

Compensated Absences

The liability is recorded in the various funds and is determined to be the amount due to employees for future absences, which is attributable to services already rendered. The amount estimated to be paid during the next fiscal year classified with current liabilities, with the remainder classified with noncurrent liabilities.

NOTE 9 – PENSION PLAN OBLIGATION

A. Plan description

The City of Taft contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS act 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 PERS' annual financial report may be obtained from their Executive Office – 400 P Street – Sacramento, California 95814.

**CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 9 – PENSION PLAN OBLIGATION (Continued)

B. Funding policy

Participants are required to contribute 7 percent (9 percent for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011 was 9.373% percent for non-safety employees, 12.260% percent for police employees, and 66.971% percent for fire employees, of annual covered payroll. The contribution of plan members and the City are established and may be amended by PERS.

C. Annual pension cost

For fiscal year 2010-2011, the City of Taft's annual pension cost was \$667,633 and was equal to the City's required and actual contributions. The required contribution for fiscal year 2010-2011 was determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included: (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.75% to 14.20% for miscellaneous members and 4.27% and 11.59% for the Safety Police and Fire Plan and; (c) 0% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.5%. The actuarial value of the plan's assets was determined using a technique that smoothes the effects of short-term volatility in the market value of investments over a three-year period. Miscellaneous Plans' unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period at June 30, 2011, was 16 years for the Miscellaneous Plan, 15 for the Safety Police Plan, and 19 for the Safety Fire Plan.

D. Three year trend information

Fiscal Year Ended June 30,	Annual Pension Cost (APC)			Percentage of APC Contributed	Net Pension Obligation
	Miscellaneous	Fire	Police		
2009	\$ 432,497	\$ 124,082	\$ 103,980	100%	\$ -
2010	432,664	133,528	101,441	100%	-
2011	454,521	203,473	110,008	100%	-

NOTE 10 – NET ASSETS

Governmental and Business Activities

The government-wide statement of net assets includes three equity categories entitled net assets invested in capital assets net of related debt, restricted net assets, and unrestricted net assets. The investment in capital assets, net of related debt category presents the City's equity interest in capital assets less outstanding principal or related debt. The restricted net assets category reflects net assets that are subject to restrictions beyond the City's control (externally imposed or imposed by law). The unrestricted net assets category equals any remaining balance.

**CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 11 – RISK MANAGEMENT

The City is exposed to various risks of loss related to, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. 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) as a common risk management and insurance program. The relationship between the City and CSJVRMA is such that CSJVRMA is not a component of the City for financial reporting purposes.

CSJVRMA maintains separate records for each year of participation. The records track cash paid to the RMA through deposit premium assessments, the City's self-insurance retention portion of claims paid, and the City's allocation of shared risks. Three years after the close of the workers' compensation coverage year and five years after the close of the general liability coverage year, CSBRMA assesses the status of all members for that year, and either make a refund to a member if it has a positive balance (i.e. payout and reserve experience is less than premium paid) or collects any deficit.

Worker's Compensation

The City is self insured for the first \$50,000 of each claim. The City participates in a risk sharing pool through CSJVRMA for claims between \$50,000 and \$500,000. The CSJVRMA participates in another excess pool, which provides workers' compensation coverage from \$500,000 to \$1,500,000 and purchases excess insurance above \$2,000,000 to \$98,000,000.

General Liability

The City is self insured for the first \$25,000 of each claim. The City participates in a risk sharing pool through CSJVRMA for claims between \$25,000 and \$1,000,000. The CSJVRMA participates in an excess pool, which provides general liability coverage from \$1,000,000 to \$3,000,000 and purchases excess reinsurance above \$3,000,000 to \$14,000,000. The CSJVRMA is a consortium of fifty-four 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 three to four times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA. The financial position and results of operations for the CSJVRMA as of June 30, 2011, the most recent information available, is presented below:

Total Assets	<u>\$ 69,444,059</u>
Total Liabilities	\$ 55,945,081
Total Retained Earnings	<u>13,498,978</u>
Total Liabilities and Retained Earnings	<u>\$ 69,444,059</u>
Revenues for Fiscal Year	\$ 27,941,713
Expenses for Fiscal Year	<u>26,326,659</u>
Change in Net Assets	<u>\$ 1,615,054</u>

At the termination of the joint powers agreement and after all claims have been settled, any excess or deficit will be divided among the cities in accordance with its governing documents. Audited financial statements are available from the Central San Joaquin Risk Management Authority at 6371 Auburn Boulevard, Citrus Heights, CA 95621.

During the past three fiscal years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

**CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The City entered into a contract with the State of California on January 7, 1997, to establish and operate a Community Correctional Facility (CCF) Program consistent with Chapter 7 of the California Penal Code and with Title 15 of the California Code of Regulations for the custody of, and the provision of program services to, parole violators and other State inmates who are the responsibility of the California Department of Corrections. The State agrees that the monetary considerations of the Contract are not designed to have an adverse fiscal impact on the City. The term of the contract is 20 years from January 7, 1997 unless otherwise terminated as provided in the contract.

To provide services under the CCF Program Contract, the City entered into a triple net lease agreement on January 1, 1997, by and between Taft Public Financing Authority (the Authority) and the City to lease the CCF located at 330 Commerce Way in Taft, California and named the facility "Taft Community Correctional Facility". The term of the lease shall end on the earlier of January 1, 2017, or such time as all the Bonds have been retired or provision for their payment has been provided for pursuant to the terms of the indenture. The amount of the Base Rental shall be equal to the monthly debt service on the Bonds.

The State of California shall continue to pay the rentals to the Authority or the Trustee, in the event the CCF Program Contract with the City is terminated prior to its terms.

The City agrees to pay the rentals solely with the monies received from the State of California, and under any circumstances, the City is not required to make the rental payments from any other sources of its funding including, but not limited to, the City's general fund.

The City received a contract termination notice from The State of California in May 2011. The facility was then closed on November 30, 2011 with inmates transferred to other County of Kern facilities.

The City has received State and Federal funds for specific purposes that are subject to review by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, it is believed that any required reimbursements will not be material.

The City is in dispute regarding recovery of treble damages and penalties along with attorney fees totaling \$2.7 million. The claimants subsequently appealed the order to the Second District Court of Appeals. The City has since won the appeal but the defendant has passed away during the past fiscal year. The City does not expect to collect on the damages. The gain has not been accrued in these financial statements.

NOTE 13 – FUND EQUITY

Fund Balance – Governmental Funds

As of June 30, 2011, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the governing board.

**CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 13 – FUND EQUITY (CONTINUED)

Fund Balance – Governmental Funds (Continued)

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City’s adopted policy, only the governing board or director may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally, unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

	General	WWIP Capital Projects	Revolving Loan Fund - CDBG	TCDA Capital Projects	Non-Major Governmental	Total
Nonspendable:						
Prepays and other	\$ 3,360,569	\$ -	\$ -	\$ 64	\$ 447	\$ 3,361,080
Total Nonspendable	<u>3,360,569</u>			<u>64</u>	<u>447</u>	<u>3,361,080</u>
Restricted for:						
Streets and Roads					124,066	124,066
Public safety					474,347	474,347
Public works					331,566	331,566
Health and welfare					32,233	32,233
Community development			25,639		687,138	712,777
Debt service					948,530	948,530
Total Restricted			<u>25,639</u>		<u>2,597,880</u>	<u>2,623,519</u>
Assigned for:						
Capital projects		3,092,641				3,092,641
Total Assigned		<u>3,092,641</u>				<u>3,092,641</u>
Unassigned						
Total Fund Balances	<u>\$ 6,089,164</u>	<u>\$ 3,092,641</u>	<u>\$ 25,639</u>	<u>\$ (3,185,581)</u>	<u>\$ 2,534,806</u>	<u>\$ 8,556,669</u>

NOTE 14 – DEFERRED CHARGES

Deferred charges consist of issuance costs and discounts for debt issues. The total costs deferred as a result of the issuance of the 1998 revenue bonds was \$224,422. The amortization period is 349 months. The balance at fiscal year ended June 30, 2011 is \$127,329. The total costs deferred as a result of the 2006 Sewer Loan is \$46,031. The amortization period is 113 months and the balance at fiscal year ended June 30, 2011 is \$19,989.

NOTE 15 – CONDUIT DEBT (NONOBLIGATORY DEBT)

In January 1997, Taft Public Financing Authority (the Authority) issued the Lease Revenue Bonds 1997 Series A (Community Correctional Facility Acquisition Project) totaling \$21,740,000 to (a) acquire the Taft Community Correctional Facility located at 333 Commerce Way in Taft, California, (b) fund a reserve account, and (c) pay the issuance costs. The principal balance of the Revenue Bonds at June 30, 2011 is \$9,235,000.

These bonds are special limited obligations of the Authority, payable solely from and secured by certain pledged revenue to be received from the State of California. The Bonds do not represent or constitute a debt of the Authority, the State, or the City of Taft within the meaning of any constitutional or statutory limitation or pledge of the faith and credit of the State or any political subdivision thereof, including the Authority, the City of Taft, or the State.

**CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 16 – AGREEMENTS

Wastewater Treatment Plant (WWTP): Under agreements between the City of Taft, the Taft Heights Sanitation District, and the Ford City Sanitation District dated May 29, 1950, amended March 7, 1966, restated April 24, 1972, and restated August 21, 1991, covering the “Joint Sewage Project – 1972,” the City operates and maintains the Wastewater Treatment Plant serving the City and the two Sanitation Districts. The City includes the activities of the WWTP within its fund structure since the Agreement specifies that the City shall act on its own behalf and on behalf of the other Districts in operating and maintaining the WWTP. The City maintains the accounting records for the WWTP and has physical custody of its assets. The Agreement specifies that the City shall contribute 52 percent of the revenue required to operate and maintain the WWTP, with the other Districts providing a combined 48 percent of the operating revenue. Since the WWTP is not a separate legal entity it is not considered a component unit.

NOTE 17 – PRIOR PERIOD ADJUSTMENTS

A prior period adjustment of \$(413,222) was made to the ICDA capital projects fund related to understatement of interest for the fiscal year ended June 30, 2010.

A prior period adjustment in the amount of \$(9,450) was made to the business assistance grant EDEF-5878 fund as it was not included in the June 30, 2010 financial statements.

A prior period adjustment in the amount of \$(114,174) was made to the Cal Home 4917 fund as it was not included in the June 30, 2010 financial statements.

A prior period adjustment in the amount of \$71 was made to the BJA grant fund to close out the fund.

A prior period adjustment in the amount of \$15,740 was made to the inmate welfare trust fund due mainly corrections of errors related to the June 30, 2010 year accounts payable.

All of the above adjustments also are reported as prior period adjustments in the Statement of Activities.

NOTE 18 – RELATED PARTY TRANSACTIONS

The purchase of a City-owned residence was approved by the City Council in a closed session during August 2006 and during the fiscal year was leased to the City Manager. Subsequent to the fiscal year end the City Manager resigned. Presently, the residence is rented out to the former City Manager at \$1,350 per month on a month-to-month tenancy until such time the lease is terminated by either the City or the former City Manager.

A City employee’s family member obtained a loan under a City grant program which was approved by the City and the State of California Agency administering the grant program.

NOTE 19- SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of this report which is May 4, 2012.

Pursuant to City Resolution No. 3392-12 dated January 11, 2012, which was in part the result of the California Supreme Court’s ruling in California Redevelopment Association v. Matosantos Case No. S194861 which upheld AB26x1 that dissolved all of the redevelopment agencies in California, the City determined that it is in the best interests to serve as Successor Agency.

CITY OF TAFT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 19- SUBSEQUENT EVENTS (Continued)

Further, pursuant to the above Resolution, the City had the Taft Housing Authority assume all rights, powers, assets, liabilities, duties and obligations associated with housing activities of the Taft Community Development Agency. City Resolution 3284, dated March 15, 2011 created a Housing Authority and designated City Council members as the Housing Authority Commissioners. Presently, any Taft Housing Authority expenditure actions need approval of the Successor Agency.

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Required Supplementary Information

CITY OF IAFT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 618,291	\$ 618,290	\$ 517,086	\$ (101,204)
Sales taxes	1,429,970	1,582,599	1,614,881	32,282
Other taxes	1,083,488	1,066,654	1,093,968	27,314
Licenses and permits, and fees	140,057	130,018	144,087	14,069
Fines and forfeitures	3,008	4,433	5,833	1,400
Use of money and property	475,010	413,039	165,043	(247,996)
Intergovernmental	991,884	1,289,203	1,095,936	(193,267)
Current services charges	438,999	428,871	458,435	29,564
Other	3,333	12,563	612,044	599,481
Total revenues	5,184,040	5,545,670	5,707,313	161,643
EXPENDITURES				
Current:				
General government	1,482,670	1,390,120	1,451,780	(61,660)
Public safety	3,167,190	3,472,704	2,950,588	522,116
Public works	981,335	954,532	1,601,541	(647,009)
Community development	695,171	954,532	11,932	942,600
Capital outlay	228,535	408,348	284,288	124,060
Total expenditures	6,554,901	7,180,236	6,300,129	880,107
Excess (deficiency) of revenues over expenditures	(1,370,861)	(1,634,566)	(592,816)	1,041,750
OTHER FINANCING SOURCES (USES)				
Transfers in	989,705	963,534	251,779	(711,755)
Total other financing sources (uses)	989,705	963,534	251,779	(711,755)
Net change in fund balance	(381,156)		(341,037)	(341,037)
Fund balance, beginning of fiscal year	6,430,201	6,430,201	6,430,201	
Fund balance, end of fiscal year	<u>\$ 6,049,045</u>	<u>\$ 6,430,201</u>	<u>\$ 6,089,164</u>	<u>\$ (341,037)</u>

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Other Supplemental Information

**CITY OF IAFT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WWTP CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of money and property	\$ 46,000	\$ 48,824	\$ 2,824
Total revenues	<u>46,000</u>	<u>48,824</u>	<u>2,824</u>
EXPENDITURES			
Capital outlay	113,392		
Total Expenditures	<u>113,392</u>		<u>113,392</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(67,392)</u>	<u>48,824</u>	<u>116,216</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	131,200	131,200	
Transfers out	<u>(63,808)</u>		<u>63,808</u>
Total other financing sources (uses)	<u>67,392</u>	<u>131,200</u>	<u>63,808</u>
Net change in fund balance		180,024	180,024
Fund balance, beginning of fiscal year	<u>2,912,617</u>	<u>2,912,617</u>	
Fund balance, end of the fiscal year	<u>\$ 2,912,617</u>	<u>\$ 3,092,641</u>	<u>\$ 180,024</u>

**CITY OF TAFT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TAFT COMMUNITY DEVELOPMENT AGENCY CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of money and property	\$ 53,923	\$ 49,700	\$ (4,223)
Total revenues	<u>53,923</u>	<u>49,700</u>	<u>(4,223)</u>
EXPENDITURES			
Current:			
Community development	330,259	374,589	(44,330)
Debt service:			
Interest and fiscal charges		<u>345,607</u>	<u>(345,607)</u>
Total Expenditures	<u>330,259</u>	<u>720,196</u>	<u>(389,937)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(276,336)</u>	<u>(670,496)</u>	<u>(394,160)</u>
OTHER FINANCING SOURCES			
Transfers in	<u>26,336</u>	<u>80,000</u>	<u>53,664</u>
Total other financing sources	<u>26,336</u>	<u>80,000</u>	<u>53,664</u>
Net change in fund balance	<u>(250,000)</u>	<u>(590,496)</u>	<u>(340,496)</u>
Fund balance (deficit), beginning of fiscal year	(2,181,863)	(2,181,863)	
Prior period adjustment		<u>(413,222)</u>	<u>(413,222)</u>
Fund balance (deficit), beginning of fiscal year, restated	<u>(2,181,863)</u>	<u>(2,595,085)</u>	<u>(413,222)</u>
Fund balance (deficit), end of fiscal year	<u>\$ (2,431,863)</u>	<u>\$ (3,185,581)</u>	<u>\$ (753,718)</u>

**CITY OF TAFT
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

SPECIAL REVENUE FUNDS

High Technology Grant

This fund was established to receive a grant from the State of California to purchase high technology equipment for law enforcement activities.

Traffic Safety

This Fund was established to receive the City's share of traffic fines and reimburse the General Fund for police activities related to traffic safety and traffic control devices.

Gas Tax

This fund was established to receive a share of the revenues derived from the State taxes on gasoline

Transportation and Development Act (TDA)

This fund was established to receive and expend the City's allocation of sales tax under SB 325. This bill reduced the State's percentage of sales tax by 1/4 percent and allowed the counties within the State of California to increase their sales tax percentage by 1/4 percent. The funds generated by this 1/4 percent are allocated to the counties and a portion of this is then allocated to the cities within each county and restricted to street purposes.

Business Assistance Grant EDEF-6534

This fund was established to account for business assistance loans under one of the City's grant programs.

Business Assistance Grant EDEF-5878

This fund was established to account for business assistance loans under one of the City's grant programs.

Community Development Block Grant

This fund was established to account for all CDBG grant received by the City and includes funds for GIS modeling and mapping studies for downtown development and neighborhood stability funds.

CalHome Revolving Loan

This fund was established to account for all CalHome grant received by the City.

BJA Grant

This fund was established to account for a grant received by the City.

D.A.R.E.

This fund was established to receive funds that are derived from contributions from local businesses, schools, and civic groups.

Tarp Revolving Loan

This fund was established to account for funds received from the State of California CDBG program whose intent is to provide financing to new and existing businesses for a healthy economic environment

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**CITY OF TAFT
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

SPECIAL REVENUE FUNDS (Continued)

Asset Forfeiture

This fund was established to receive funds that are seized from narcotics dealers or following the sale of dealer assets

Landscape Assessment District

This fund was established in connection with a single-family housing development project (Tract No. 5574) and will be used to record expenditures and revenues relative to formation and operation of a Landscape Maintenance District in that tract.

First Time Homebuyer and Rehabilitation Grant Cal Home-4917

This fund was established to account for all Cal Home grant funds received by the City.

Housing Rehab Grant STBG-5084

This fund was established to account for housing loans and grants under one of the City's grant programs.

Crime Prevention

This fund was established to account for receipts from the State COPS grant program and related expenditures.

Inmate Welfare Trust

The inmate welfare trust fund account is established and maintained pursuant to Penal Code Sections 5005, 5006 1, 5007, and 5008 and the Business Administration Manual, Chapter 4200. All entries to the inmate welfare trust fund are supported by source documentation.

Taft Community Development Agency (TCDA)

This fund is used to account for the Government's 20 percent share of Community Development tax increment revenues that are legally restricted for the Community Development low and moderate income housing.

Wastewater Treatment Plant (WWIP)

This fund is used to account for special projects related to the City's share of the wastewater treatment plant.

Revolving Loan Fund-Home

This fund was established to account for Community Development grants by using Community Development program revenue.

DEBI SERVICE FUND

Taft Community Development Agency (TCDA)

Taft Community Development Agency Fund is used to account for the accumulation of resources for the repayment of long-term debt of the Taft Community Development Agency.

**CITY OF TAFI
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011**

Special Revenue Funds

	High Technology	Traffic Safety	Gas Tax	TDA Act	Business Assistance Grant EDEF- 6534	Business Assistance Grant EDEF- 5878
ASSETS						
Cash and investments	\$ 24,450	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash and investments						
Receivables:						
Accounts		825	27,808	1,057,225	13,354	1,765
Interest	13		98			
Notes						
Prepaid expenses						
Total assets	<u>\$ 24,463</u>	<u>\$ 825</u>	<u>\$ 27,906</u>	<u>\$ 1,057,225</u>	<u>\$ 13,354</u>	<u>\$ 1,765</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 12	\$ -	\$ -	\$ -	\$ 59	\$ 78
Due to other funds				966,843	13,295	3,876
Deferred revenue						
Total liabilities	<u>12</u>			<u>966,843</u>	<u>13,354</u>	<u>3,954</u>
FUND BALANCES						
Nonspendable						
Restricted	24,451	825	27,906	90,382		
Unassigned						(2,189)
Total fund balances (deficits)	<u>24,451</u>	<u>825</u>	<u>27,906</u>	<u>90,382</u>		<u>(2,189)</u>
Total liabilities and fund balances	<u>\$ 24,463</u>	<u>\$ 825</u>	<u>\$ 27,906</u>	<u>\$ 1,057,225</u>	<u>\$ 13,354</u>	<u>\$ 1,765</u>

Special Revenue Funds

CDBG	Cal Home Revolving Loan	BJA Grant	D.A.R.E.	Tarp Revolving Loan	Asset Forfeiture	Landscape Assessment District	Cal Home - 4917
\$ -	\$ -	\$ -	\$ 5	\$ 71,035	\$ 103,641	\$ 5,253	\$ -
				35	62		180,000
	214,152			362,616			
<u>\$ -</u>	<u>\$ 214,152</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 433,686</u>	<u>\$ 103,703</u>	<u>\$ 5,253</u>	<u>\$ 180,000</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ 115
262	149						230,962
	214,152			362,616			
262	214,301			362,616		300	231,077
			5	71,070	103,703	4,953	(51,077)
(262)	(149)						
(262)	(149)		5	71,070	103,703	4,953	(51,077)
<u>\$ -</u>	<u>\$ 214,152</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 433,686</u>	<u>\$ 103,703</u>	<u>\$ 5,253</u>	<u>\$ 180,000</u>

(Continued)

**CITY OF TAFT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (Continued)
JUNE 30, 2011**

Special Revenue Funds

	Housing Rehab Grant SIBG-5084	Crime Prevention	Inmate Welfare Trust	TCDA Housing Special Revenue	WWIP Special Revenue	Revolving Loan Fund - Home
ASSETS						
Cash and investments	\$ -	\$ 326,767	\$ 36,746	\$ 615,709	\$ -	\$ -
Restricted cash and investments						
Receivables:						
Accounts	273,621	25,000			359,763	
Interest	39	193		359	13	
Notes						1,249,272
Prepaid expenses		10	205		179	
Total assets	\$ 273,660	\$ 351,970	\$ 36,951	\$ 616,068	\$ 359,955	\$ 1,249,272
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 208	\$ 5,782	\$ 4,718	\$ -	\$ 25,346	\$ 267
Due to other funds	273,452				3,043	9,183
Deferred revenue						1,249,272
Total liabilities	273,660	5,782	4,718		28,389	1,258,722
FUND BALANCES						
Nonspendable		10	205		179	
Restricted		346,188	32,233	616,068	331,566	
Unassigned		(10)	(205)		(179)	(9,450)
Total fund balances (deficits)		346,188	32,233	616,068	331,566	(9,450)
Total liabilities and fund balances	\$ 273,660	\$ 351,970	\$ 36,951	\$ 616,068	\$ 359,955	\$ 1,249,272

Total Special Revenue Funds	TCDA Debt Service Fund	Total Non- Major Governmental Funds
\$ 1,183,606	\$ 496,219 479,647	\$ 1,679,825 479,647
1,939,361		1,939,361
812	364	1,176
1,826,040		1,826,040
394	53	447
<u>\$ 4,950,213</u>	<u>\$ 976,283</u>	<u>\$ 5,926,496</u>

\$ 36,885	\$ 27,700	\$ 64,585
1,501,065		1,501,065
1,826,040		1,826,040
<u>3,363,990</u>	<u>27,700</u>	<u>3,391,690</u>
394	53	447
1,649,350	948,530	2,597,880
(63,521)		(63,521)
<u>1,586,223</u>	<u>948,583</u>	<u>2,534,806</u>
<u>\$ 4,950,213</u>	<u>\$ 976,283</u>	<u>\$ 5,926,496</u>

**CITY OF TAFT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds					
	High Technology	Traffic Safety	Gas Tax	TDA Act	Business Assistance Grant EDEF- 6534	Business Assistance Grant EDEF- 5878
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures		14,091				
Use of money and property	352		1,277			
Intergovernmental	4,323		223,980	36,841	16,144	22,637
Current services charges						
Other						
Total revenues	<u>4,675</u>	<u>14,091</u>	<u>225,257</u>	<u>36,841</u>	<u>16,144</u>	<u>22,637</u>
EXPENDITURES						
Current:						
General government						
Public safety	160					
Public works						
Health and welfare						
Community development					16,144	15,376
Debt service:						
Principal						
Interest						
Total expenditures	<u>160</u>				<u>16,144</u>	<u>15,376</u>
Excess of revenues over (under) expenditures	<u>4,515</u>	<u>14,091</u>	<u>225,257</u>	<u>36,841</u>		<u>7,261</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	(892)	(16,401)	(218,627)			
Total other financing sources (uses)	<u>(892)</u>	<u>(16,401)</u>	<u>(218,627)</u>			
Net changes in fund balances	<u>3,623</u>	<u>(2,310)</u>	<u>6,630</u>	<u>36,841</u>		<u>7,261</u>
Fund balances (deficits), beginning of fiscal year	20,828	3,135	21,276	53,541		
Prior period adjustments						(9,450)
Fund balances (deficits), beginning of fiscal year, restated	<u>20,828</u>	<u>3,135</u>	<u>21,276</u>	<u>53,541</u>		<u>(9,450)</u>
Fund balances (deficits) end of fiscal year	<u>\$ 24,451</u>	<u>\$ 825</u>	<u>\$ 27,906</u>	<u>\$ 90,382</u>	<u>\$ -</u>	<u>\$ (2,189)</u>

Special Revenue Funds

CDBG	Cal Home Revolving Loan	BJA Grant	D.A.R.E.	Tarp Revolving Loan	Asset Forfeiture	Landscape Assessment District	Cal Home - 4917
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
79,851				786	1,719	8,264	180,000
				59,917			
<u>79,851</u>				<u>60,703</u>	<u>1,719</u>	<u>8,264</u>	<u>180,000</u>
					308	5,518	
52,297	42			34,229			116,903
<u>52,297</u>	<u>42</u>			<u>34,229</u>	<u>308</u>	<u>5,518</u>	<u>116,903</u>
<u>27,554</u>	<u>(42)</u>			<u>26,474</u>	<u>1,411</u>	<u>2,746</u>	<u>63,097</u>
					(11,204)		
					(11,204)		
<u>27,554</u>	<u>(42)</u>			<u>26,474</u>	<u>(9,793)</u>	<u>2,746</u>	<u>63,097</u>
(27,816)	(107)	(71)	5	44,596	113,496	2,207	
		71					(114,174)
<u>(27,816)</u>	<u>(107)</u>		<u>5</u>	<u>44,596</u>	<u>113,496</u>	<u>2,207</u>	<u>(114,174)</u>
<u>\$ (262)</u>	<u>\$ (149)</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 71,070</u>	<u>\$ 103,703</u>	<u>\$ 4,953</u>	<u>\$ (51,077)</u>

(Continued)

**CITY OF IAFT
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds					Revolving Loan Fund - Home
	Housing Rehab Grant STBG-5084	Crime Prevention	Inmate Welfare Trust	TCDA Housing Special Revenue	WWTP Special Revenue	
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ 94,578	\$ -	\$ -
Fines and forfeitures						
Use of money and property		5,486		9,791	2,009	111
Intergovernmental	419,196	100,000			746,242	20,164
Current services charges			126,815		10,353	
Other			1,331	463		
Total revenues	419,196	105,486	128,146	104,832	758,604	20,275
EXPENDITURES						
Current:						
General government				7,058	585,141	
Public safety		131,583				
Public works						
Health and welfare			117,578			
Community development	248,305					43,927
Debt service:						
Principal						
Interest						
Total expenditures	248,305	131,583	117,578	7,058	585,141	43,927
Excess of revenues over (under) expenditures	170,891	(26,097)	10,568	97,774	173,463	(23,652)
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out				(72,918)	(131,200)	
Total other financing sources (uses)				(72,918)	(131,200)	
Net changes in fund balances	170,891	(26,097)	10,568	24,856	42,263	(23,652)
Fund balances (deficits), beginning of fiscal year	(170,891)	372,285	5,925	591,212	289,303	14,202
Prior period adjustments			15,740			
Fund balances (deficits), beginning of fiscal year, restated	(170,891)	372,285	21,665	591,212	289,303	14,202
Fund balances (deficits), end of fiscal year	\$ -	\$ 346,188	\$ 32,233	\$ 616,068	\$ 331,566	\$ (9,450)

Total Special Revenue Funds	TCDA Debt Service	Total Non- Major Governmental Funds
\$ 94,578	\$ 361,384	\$ 455,962
14,091		14,091
21,531	131,956	153,487
1,857,642		1,857,642
137,168		137,168
61,711	1,854	63,565
<u>2,186,721</u>	<u>495,194</u>	<u>2,681,915</u>
592,199	74,689	666,888
132,051		132,051
5,518		5,518
117,578		117,578
527,223		527,223
	135,000	135,000
	229,590	229,590
<u>1,374,569</u>	<u>439,279</u>	<u>1,813,848</u>
<u>812,152</u>	<u>55,915</u>	<u>868,067</u>
	72,918	72,918
(451,242)	(80,000)	(531,242)
(451,242)	(7,082)	(458,324)
<u>360,910</u>	<u>48,833</u>	<u>409,743</u>
1,333,126	899,750	2,232,876
(107,813)		(107,813)
<u>1,225,313</u>	<u>899,750</u>	<u>2,125,063</u>
<u>\$ 1,586,223</u>	<u>\$ 948,583</u>	<u>\$ 2,534,806</u>

**CITY OF IAFT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TRAFFIC SAFETY SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Fines and forfeitures	\$ 20,000	\$ 14,091	\$ (5,909)
Total revenues	<u>20,000</u>	<u>14,091</u>	<u>(5,909)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(20,000)</u>	<u>(16,401)</u>	<u>3,599</u>
Total other financing sources (uses)	<u>(20,000)</u>	<u>(16,401)</u>	<u>3,599</u>
Net change in fund balance		(2,310)	(2,310)
Fund balance, beginning of fiscal year	<u>3,135</u>	<u>3,135</u>	
Fund balance, end of fiscal year	<u>\$ 3,135</u>	<u>\$ 825</u>	<u>\$ (2,310)</u>

**CITY OF IAFT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GAS TAX SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of money and property	\$ 828	\$ 1,277	\$ 449
Intergovernmental	142,209	223,980	81,771
Total revenues	<u>143,037</u>	<u>225,257</u>	<u>82,220</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(143,037)</u>	<u>(218,627)</u>	<u>(75,590)</u>
Total other financing sources (uses)	<u>(143,037)</u>	<u>(218,627)</u>	<u>(75,590)</u>
Net change in fund balance		6,630	6,630
Fund balance, beginning of fiscal year	<u>21,276</u>	<u>21,276</u>	
Fund balance, end of fiscal year	<u>\$ 21,276</u>	<u>\$ 27,906</u>	<u>\$ 6,630</u>

**CITY OF TAFT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TDA ACT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 315,774	\$ 36,841	\$ (278,933)
Total revenues	<u>315,774</u>	<u>36,841</u>	<u>(278,933)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(315,774)</u>		<u>315,774</u>
Total other financing sources (uses)	<u>(315,774)</u>		<u>315,774</u>
Net change in fund balance		36,841	36,841
Fund balance, beginning of fiscal year	<u>53,541</u>	<u>53,541</u>	
Fund balance, end of fiscal year	<u>\$ 53,541</u>	<u>\$ 90,382</u>	<u>\$ 36,841</u>

**CITY OF IAFT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ASSET FORFEITURE SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of money and property	\$ 1,500	\$ 1,719	\$ 219
Total revenues	<u>1,500</u>	<u>1,719</u>	<u>219</u>
EXPENDITURES			
Current:			
Public safety	<u>1,500</u>	<u>308</u>	<u>1,192</u>
Total expenditures	<u>1,500</u>	<u>308</u>	<u>1,192</u>
Excess of revenues over (under) expenditures		<u>1,411</u>	<u>1,411</u>
OTHER FINANCING SOURCES (USES)			
Transfers out		<u>(11,204)</u>	<u>(11,204)</u>
Total other financing sources (uses)		<u>(11,204)</u>	<u>(11,204)</u>
Net change in fund balance		(9,793)	(9,793)
Fund balance, beginning of fiscal year	<u>113,496</u>	<u>113,496</u>	
Fund balance, end of fiscal year	<u>\$ 113,496</u>	<u>\$ 103,703</u>	<u>\$ (9,793)</u>

**CITY OF IAFT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LANDSCAPE ASSESSMENT DISTRICT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 8,171	\$ 8,264	\$ 93
Total revenues	<u>8,171</u>	<u>8,264</u>	<u>93</u>
EXPENDITURES			
Current:			
Public works	<u>8,171</u>	<u>5,518</u>	<u>2,653</u>
Total expenditures	<u>8,171</u>	<u>5,518</u>	<u>2,653</u>
Net change in fund balance		2,746	2,746
Fund balance, beginning of fiscal year	<u>2,207</u>	<u>2,207</u>	
Fund balance, end of fiscal year	<u><u>\$ 2,207</u></u>	<u><u>\$ 4,953</u></u>	<u><u>\$ 2,746</u></u>

**CITY OF TAFT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CRIME PREVENTION SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of money and property	\$ 6,100	\$ 5,486	\$ (614)
Intergovernmental	100,000	100,000	
Total revenues	<u>106,100</u>	<u>105,486</u>	<u>(614)</u>
EXPENDITURES			
Current:			
Public safety	<u>177,136</u>	<u>131,583</u>	<u>45,553</u>
Total expenditures	<u>177,136</u>	<u>131,583</u>	<u>45,553</u>
Excess of revenues over (under) expenditures	<u>(71,036)</u>	<u>(26,097)</u>	<u>44,939</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>71,036</u>		<u>71,036</u>
Total other financing sources (uses)	<u>71,036</u>		<u>71,036</u>
Net change in fund balance		(26,097)	(26,097)
Fund balance, beginning of fiscal year	<u>372,285</u>	<u>372,285</u>	
Fund balance, end of fiscal year	<u>\$ 372,285</u>	<u>\$ 346,188</u>	<u>\$ (26,097)</u>

**CITY OF IAFT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
INMATE WELFARE SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Current service charges	\$ 129,119	\$ 126,815	\$ (2,304)
Other	4,108	1,331	(2,777)
Total revenues	<u>133,227</u>	<u>128,146</u>	<u>(5,081)</u>
EXPENDITURES			
Current:			
Health and welfare	<u>126,113</u>	<u>117,578</u>	<u>8,535</u>
Total expenditures	<u>126,113</u>	<u>117,578</u>	<u>8,535</u>
Net change in fund balance	<u>7,114</u>	<u>10,568</u>	<u>3,454</u>
Fund balance, beginning of fiscal year	<u>5,925</u>	<u>5,925</u>	
Prior Period Adjustments		<u>15,740</u>	<u>15,740</u>
Fund Balance, beginning of of fiscal year, as restated	<u>5,925</u>	<u>21,665</u>	<u>15,740</u>
Fund balance, end of fiscal year	<u>\$ 13,039</u>	<u>\$ 32,233</u>	<u>\$ 19,194</u>

**CITY OF TAFT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TAFT COMMUNITY DEVELOPMENT AGENCY HOUSING SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 94,268	\$ 94,578	\$ 310
Use of money and property	9,000	9,791	791
Other	205	463	258
Total revenues	<u>103,473</u>	<u>104,832</u>	<u>1,359</u>
EXPENDITURES			
Current:			
General government	<u>30,555</u>	<u>7,058</u>	<u>23,497</u>
Total expenditures	<u>30,555</u>	<u>7,058</u>	<u>23,497</u>
Excess of revenues over (under) expenditures	<u>72,918</u>	<u>97,774</u>	<u>24,856</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(72,918)</u>	<u>(72,918)</u>	
Total other financing sources (uses)	<u>(72,918)</u>	<u>(72,918)</u>	
Net change in fund balance		24,856	24,856
Fund balance, beginning of fiscal year	<u>591,212</u>	<u>591,212</u>	
Fund balance, end of fiscal year	<u>\$ 591,212</u>	<u>\$ 616,068</u>	<u>\$ 24,856</u>

**CITY OF IAFT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WWTP SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Use of money and property	\$ -	\$ 2,009	\$ 2,009
Intergovernmental	745,290	746,242	952
Current service charges	9,281	10,353	1,072
Total revenues	754,571	758,604	4,033
EXPENDITURES			
Current:			
General government	620,871	585,141	35,730
Capital outlay	63,808		63,808
Debt service:			
Interest	2,500		2,500
Total expenditures	687,179	585,141	102,038
Excess of revenues over (under) expenditures	67,392	173,463	106,071
OTHER FINANCING SOURCES (USES)			
Transfers in	63,808		(63,808)
Transfers out	(131,200)	(131,200)	
Total other financing sources (uses)	(67,392)	(131,200)	(63,808)
Net change in fund balance		42,263	42,263
Fund balance, beginning of fiscal year	289,303	289,303	
Fund balance, end of the fiscal year	<u>\$ 289,303</u>	<u>\$ 331,566</u>	<u>\$ 42,263</u>

**CITY OF TAFI
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TAFI COMMUNITY DEVELOPMENT AGENCY DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Property taxes	\$ 345,359	\$ 361,384	\$ 16,025
Use of money and property	137,338	131,956	(5,382)
Other	1,290	1,854	564
Total revenues	483,987	495,194	11,207
EXPENDITURES			
Current:			
General government	78,159	74,689	3,470
Community development	114,156		114,156
Debt service:			
Principal	135,000	135,000	
Interest	229,590	229,590	
Total expenditures	556,905	439,279	117,626
Excess of revenues over (under) expenditures	(72,918)	55,915	128,833
OTHER FINANCING SOURCES (USES)			
Transfers in	72,918	72,918	
Transfers out		(80,000)	(80,000)
Total other financing sources (uses)	72,918	(7,082)	(80,000)
Net change in fund balance		48,833	48,833
Fund balance, beginning of fiscal year	899,750	899,750	
Fund balance, end of fiscal year	\$ 899,750	\$ 948,583	\$ 48,833

**CITY OF TAFI
AGENCY FUNDS DESCRIPTION
JUNE 30, 2011**

Trust and agency funds were established to control money held by the City as agent or trustee. The collections reflected in these funds are not revenues to the City and disbursements do not represent expenditures of the City. Accordingly, these funds do not employ the budgetary accounting procedures used for the other funds.

Inmate Trust Account

The Inmate Trust Account maintains those accounting records necessary to provide for the recording of all transactions affecting the inmate trust accounts. It also provides accurate and current information relative to each individual inmate trust account.

1997-A Lease Revenue Bond

This fund is used to account for resources held related to nonobligatory conduit debt. The City acts as an agent by collecting payments and forwarding them to a trustee on behalf of the bondholders.

CITY OF TAFT
MAJOR FUND BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2011

Budgetary comparison schedules are presented as Required Supplementary Information for the General Fund as provided for by GASB Statement No. 34. The budgetary comparison schedules for the remaining major funds are presented to aid in additional analysis and is not a required part of the basic financial statements or Required Supplementary Information.

**CITY OF TAFT
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2011**

	Inmate Trust Fund	1997-A Lease Revenue Bond	Total
ASSETS			
Cash and investments	\$ 22,287	\$ -	\$ 22,287
Cash and investment with fiscal agents		3,424,507	3,424,507
Accounts receivable	1,651	557	2,208
	Total assets	\$ 3,425,064	\$ 3,449,002
	\$ 23,938	\$ 3,425,064	\$ 3,449,002
 LIABILITIES			
Accounts payable	\$ 42	\$ -	\$ 42
Due to inmates	23,896		23,896
Due to bondholders		3,266,064	3,266,064
Deposits payable		159,000	159,000
	Total liabilities	\$ 3,425,064	\$ 3,449,002
	\$ 23,938	\$ 3,425,064	\$ 3,449,002

CITY OF TAFT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Inmate Trust Fund</u>			
	Balance June 30, 2010	Additions	Reductions	
ASSETS				
Cash and investments	\$ 37,535	\$ -	\$ (15,248)	\$ 22,287
Accounts receivable	2,697		(1,046)	1,651
Total assets	<u>\$ 40,232</u>	<u>\$ -</u>	<u>\$ (16,294)</u>	<u>\$ 23,938</u>

LIABILITIES				
Accounts payable	\$ 42	\$ -	\$ -	\$ 42
Due to inmates	40,190		(16,294)	23,896
Total liabilities	<u>\$ 40,232</u>	<u>\$ -</u>	<u>\$ (16,294)</u>	<u>\$ 23,938</u>

	<u>1997-A Lease Revenue Bond</u>			
	Balance June 30, 2010	Additions	Reductions	
ASSETS				
Cash and investments with fiscal agents	\$ 3,272,090	\$ 154,705	\$ (2,288)	\$ 3,424,507
Accounts receivable		557		557
Total assets	<u>\$ 3,272,090</u>	<u>\$ 155,262</u>	<u>\$ (2,288)</u>	<u>\$ 3,425,064</u>

LIABILITIES				
Due to bondholders	\$ 3,110,802	\$ 155,262	\$ -	\$ 3,266,064
Accounts payable	2,288		(2,288)	
Deposits payable	159,000			159,000
Total liabilities	<u>\$ 3,272,090</u>	<u>\$ 155,262</u>	<u>\$ (2,288)</u>	<u>\$ 3,425,064</u>

	<u>Total</u>			
	Balance June 30, 2010	Additions	Reductions	
ASSETS				
Cash and investments	\$ 37,535	\$ -	\$ (17,536)	\$ 19,999
Cash and investments with fiscal agents	3,272,090	154,705		3,426,795
Accounts receivable	2,697	557	(1,046)	2,208
Total assets	<u>\$ 3,312,322</u>	<u>\$ 155,262</u>	<u>\$ (18,582)</u>	<u>\$ 3,449,002</u>

LIABILITIES				
Accounts payable	\$ 2,330	\$ -	\$ (2,288)	\$ 42
Due to bondholders	3,110,802	155,262		3,266,064
Due to inmates	40,190		(16,294)	23,896
Deposits payable	159,000			159,000
Total liabilities	<u>\$ 3,312,322</u>	<u>\$ 155,262</u>	<u>\$ (18,582)</u>	<u>\$ 3,449,002</u>

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Statistical Section

CITY OF TAFT
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:									
Invested in capital assets									
net of related debt	\$ 5,359,108	\$ 5,428,767	\$ 5,364,815	\$ 5,182,976	\$ 5,919,053	\$ 5,425,448	\$ 6,814,619	\$ 6,478,811	\$ 7,222,922
Restricted	6,851,941	6,910,397	6,987,197	6,459,268	3,256,126	3,544,384	2,823,285	2,708,877	9,124,656
Unrestricted	<u>6,003,143</u>	<u>6,220,954</u>	<u>6,804,110</u>	<u>8,258,412</u>	<u>12,058,025</u>	<u>13,002,380</u>	<u>11,479,577</u>	<u>10,017,081</u>	<u>2,992,355</u>
Total governmental activities net assets	\$ 18,214,192	18,560,118	19,156,122	19,900,656	21,233,204	21,972,212	21,117,481	19,204,769	19,339,933
Business-type activities:									
Invested in capital assets									
net of related debt	\$ 5,087,324	\$ 5,317,841	\$ 5,195,511	\$ 5,056,250	\$ 5,211,660	\$ 4,989,982	\$ 5,007,761	\$ 4,849,364	\$ 5,048,321
Restricted	-	195,359	193,926	197,192	-	-	-	-	-
Unrestricted	<u>4,127,764</u>	<u>4,437,720</u>	<u>4,627,733</u>	<u>4,411,983</u>	<u>4,434,175</u>	<u>4,911,309</u>	<u>5,014,892</u>	<u>5,375,056</u>	<u>5,373,882</u>
Total business-type activities net assets	9,215,088	9,950,920	10,017,170	9,665,425	9,645,835	9,901,291	10,022,653	10,224,420	10,422,203
Primary government:									
Invested in capital assets									
net of related debt	\$ 10,446,432	\$ 10,746,608	\$ 10,560,326	\$ 10,239,226	\$ 11,130,713	\$ 10,415,430	\$ 11,822,380	\$ 11,328,175	\$ 12,271,243
Restricted	6,851,941	7,105,756	7,181,123	6,656,460	3,256,126	3,544,384	2,823,285	2,708,877	9,124,656
Unrestricted	<u>10,130,907</u>	<u>10,658,674</u>	<u>11,431,843</u>	<u>12,670,395</u>	<u>16,492,200</u>	<u>17,913,689</u>	<u>16,494,469</u>	<u>15,392,137</u>	<u>8,366,237</u>
Total primary government net assets	\$ 27,429,280	28,511,038	29,173,292	29,566,081	30,879,039	31,873,503	31,140,134	29,429,189	29,762,136

*The City of Taft implemented GASB 34 for the fiscal year ended June 30, 2003.
Information prior to the implementation of GASB 34 is not available.*

CITY OF TAFT
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:									
Governmental activities:									
General government	\$ 1,641,490	1,645,295	1,657,350	1,678,108	1,320,249	1,652,307	2,030,979	2,478,363	2,204,592
Public safety	2,409,327	2,484,740	2,550,069	2,628,057	2,935,427	3,281,325	3,674,886	2,922,967	3,169,501
Public works	789,117	756,422	1,220,889	1,032,530	1,152,000	1,198,528	2,438,795	1,531,425	1,508,562
Health and welfare	355,106	357,492	367,336	371,171	606,828	812,891	364,695	286,875	180,416
Community development	430,497	669,808	1,051,231	565,273	1,192,368	2,340,737	1,060,604	2,175,162	562,423
Culture and recreation	138,947	147,764	165,562	-	-	-	-	-	-
Loss on disposal of property	-	-	-	-	-	-	73,645	-	-
Interest on long-term debt	272,905	267,940	264,989	274,169	248,064	245,652	239,600	233,035	227,030
Total governmental activities expenses	6,037,389	6,329,461	7,277,426	6,549,308	7,454,936	9,531,440	9,883,204	9,627,827	7,852,524
Business-type activities:									
Federal WWTP	608,665	619,602	624,634	641,281	661,317	663,010	678,347	756,323	741,832
CCF	6,985,705	7,067,867	7,124,332	7,756,572	8,495,450	8,728,098	9,022,542	8,642,089	9,021,994
Sewer	691,407	689,502	705,469	757,707	712,538	698,472	781,710	806,357	723,277
Refuse	571,786	576,857	583,330	594,566	602,668	606,383	608,307	608,683	610,595
Transit	463,769	451,406	465,689	481,878	561,880	592,608	597,476	800,800	937,096
Total business-type activities expenses	9,321,332	9,405,234	9,503,454	10,232,004	11,033,853	11,288,571	11,688,382	11,614,252	12,034,794
Total primary government expenses	15,358,721	15,734,695	16,780,880	16,781,312	18,488,789	20,820,011	21,571,586	21,242,079	19,887,318
Program revenues:									
Governmental activities:									
Charges for services:									
General government	508,700	387,841	381,108	347,361	857,853	578,972	270,688	363,205	103,278
Public safety	852,505	832,804	841,170	814,209	1,540,398	582,880	500,206	58,393	42,440
Public works	4,611	14,267	6,514	209,835	397,099	95,471	13,645	142,146	51,072
Health and welfare	208,736	205,541	235,396	254,636	609,482	368,752	385,730	158,631	126,815
Community development	79,739	55,555	89,414	90,195	235,097	26,639	-	105,847	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	7,109	-	-
Operating grants and contributions	1,133,289	1,404,103	1,899,690	1,837,803	611,391	2,893,515	3,096,087	2,351,898	3,381,904
Capital grants and contributions	216,129	236,039	298,841	27,019	-	1,312,074	141,034	270,027	94,624
Total governmental activities program revenues	3,003,709	3,136,150	3,752,133	3,581,058	4,251,320	5,858,303	4,414,499	3,450,147	3,800,133
Business-type activities:									
Charges for services:									
Federal WWTP	606,828	606,828	606,827	606,828	649,944	649,944	649,944	691,536	691,536
CCF	6,907,839	7,216,760	6,982,539	7,323,681	8,409,711	8,838,017	8,801,149	8,713,338	8,933,510
Sewer	805,995	844,405	833,872	832,481	781,513	791,715	796,898	848,831	803,245
Refuse	609,861	649,183	649,510	639,526	626,059	641,375	654,576	687,279	659,585
Transit	67,139	313,492	377,524	301,627	329,727	412,347	476,779	775,556	1,037,541
Operating grants and contributions	305,625	29,881	-	-	-	-	-	-	-
Capital grants and contributions	93,574	399,098	-	-	-	-	-	-	-
Total business-type activities program revenues	9,396,861	10,059,647	9,450,272	9,704,143	10,796,954	11,333,398	11,379,346	11,716,540	12,125,417
Total primary government program revenues	12,400,570	13,195,797	13,202,405	13,285,201	15,048,274	17,191,701	15,793,845	15,166,687	15,925,550
Net revenues (expenses):									
Governmental activities	(3,033,680)	(3,193,311)	(3,525,293)	(2,968,250)	(3,203,616)	(3,673,137)	(5,468,705)	(6,177,680)	(4,052,391)
Business-type activities	75,529	654,413	(53,182)	(527,861)	(236,899)	44,827	(309,035)	102,288	90,623
Total net revenues (expenses)	(2,958,151)	(2,538,898)	(3,578,475)	(3,496,111)	(3,440,515)	(3,628,310)	(5,777,741)	(6,075,392)	(3,961,768)
General revenues and other changes in net assets:									
Governmental activities:									
Taxes:									
Property taxes	399,710	414,573	475,430	521,422	575,354	605,071	593,601	564,597	521,178
Redevelopment agency tax increment	230,575	159,773	281,427	315,355	320,528	457,662	557,502	441,152	451,870
Sales tax	1,230,475	1,214,847	1,377,128	1,329,468	1,866,161	1,838,661	1,786,069	1,570,736	1,614,881
Other non-property tax	328,545	339,721	475,581	217,919	180,485	253,944	364,234	398,085	410,547
Motor vehicle in lieu unrestricted	546,110	443,651	49,346	717,708	697,335	650,883	683,240	649,241	683,421
Investment earnings	352,239	252,639	327,890	342,992	603,609	903,213	693,303	651,063	417,456
Other	569,072	713,750	998,079	-	-	-	(238,590)	-	604,582

CITY OF TAFT
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Loss on asset disposal	(922)	283	-	-	-	-	-	-	4,655
Total governmental activities	3,655,804	3,539,237	3,984,881	3,444,864	4,243,472	4,709,434	4,439,359	4,274,874	4,708,590
Business-type activities:									
Motor vehicle in lieu unrestricted	86,467	80,981	119,432	-	-	-	-	-	111,815
Investment earnings	6,023	-	-	176,116	217,309	242,601	416,406	98,450	-
Loss on asset disposal	(1,192)	438	-	-	-	-	-	(119)	(4,655)
Total business-type activities	91,298	81,419	119,432	176,116	217,309	242,601	416,406	98,331	107,160
Total primary government	3,747,102	3,620,656	4,104,313	3,620,980	4,460,781	4,952,035	4,855,765	4,373,205	4,815,750
Changes in net assets									
Governmental activities	622,124	345,926	459,588	476,614	1,039,856	1,036,297	(1,029,346)	(1,902,806)	656,199
Business-type activities	166,827	735,832	66,250	(351,745)	(19,590)	287,428	107,370	200,619	197,783
Total primary government	\$ 788,951	1,081,758	525,838	124,869	1,020,266	1,323,725	(921,976)	(1,702,187)	853,982

The City of Taft implemented GASB 34 for the fiscal year ended June 30, 2003.
Information prior to the implementation of GASB 34 is not available.

CITY OF TAFT
Fund Balances of Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011*
General fund:									
Reserved	\$ 77,354	76,693	12,285	60,859	345,586	289,331	241,667	148,464	
Unreserved	<u>6,098,528</u>	<u>6,316,155</u>	<u>6,880,047</u>	<u>6,721,052</u>	<u>6,780,488</u>	<u>7,300,802</u>	<u>7,079,870</u>	<u>6,281,559</u>	
Total general fund	<u>\$6,175,882</u>	<u>6,392,848</u>	<u>6,892,332</u>	<u>6,781,911</u>	<u>7,126,074</u>	<u>7,590,133</u>	<u>7,321,537</u>	<u>6,430,023</u>	
All other governmental funds:									
Reserved	\$2,256,001	2,430,546	2,556,034	16,531	32,021	22,736	28,570	19,621	
Unreserved, reported in:									
Special revenue funds	1,481,203	1,508,503	1,049,799	1,549,544	1,700,828	1,543,057	1,577,033	1,356,828	
Capital projects funds	439,531	420,138	406,593	2,632,891	2,843,431	2,992,732	819,383	730,546	
Debit service funds	<u>15,591</u>	<u>8,350</u>	<u>(5,059)</u>	<u>486,625</u>	<u>536,988</u>	<u>673,012</u>	<u>871,931</u>	<u>899,750</u>	
Total all other governmental fund:	<u>\$4,192,326</u>	<u>4,367,537</u>	<u>4,007,367</u>	<u>4,685,591</u>	<u>5,113,268</u>	<u>5,231,537</u>	<u>3,296,917</u>	<u>3,006,745</u>	

The City of Taft implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

General Fund	\$3,360,569
Nonspendable	
Restricted	
Committed	
Assigned	
Unassigned	<u>2,728,595</u>
Total General Fund	<u>6,089,164</u>
All Other Governmental Funds	
Nonspendable	511
Restricted	2,623,519
Committed	
Assigned	3,092,641
Unassigned	<u>(3,249,166)</u>
Total Governmental Funds	<u>\$8,556,669</u>

* GASB 54 was implemented in fiscal year 2010/2011

Source: City Finance Department

CITY OF TAFT
 Changes in Fund Balances of Governmental Funds
 Last Nine Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2011	2011
Revenues:									
Taxes	\$ 1,860,760	1,853,051	2,050,932	2,335,079	2,762,043	2,901,394	2,901,823	2,576,485	2,587,929
Other non-property taxes	328,545	339,721	359,910	318,594	322,701	328,936	332,061	326,789	334,738
Licenses and permits	128,710	106,965	134,795	49,970	148,613	134,570	111,478	116,062	144,087
Fines and forfeitures	11,796	22,945	23,167	32,280	31,872	23,124	22,158	25,071	19,924
Use of money and property	370,716	380,777	348,854	342,992	603,609	903,213	694,564	651,063	417,456
Intergovernmental	1,804,894	1,866,885	2,328,761	1,770,972	2,144,214	4,312,428	3,046,556	2,549,943	2,953,578
Charges for services	1,515,595	1,359,758	1,859,407	2,078,023	2,107,106	1,338,550	916,346	767,857	595,603
Other	837,864	973,459	1,109,701	124,882	374,634	42,642	904,043	881,785	1,450,753
Total revenues	6,858,880	6,903,561	8,215,527	7,052,792	8,494,792	9,984,857	8,929,029	7,895,055	8,504,068
Expenditures									
Current:									
General government	1,590,794	1,573,086	1,593,160	1,608,243	1,156,937	1,548,878	1,709,895	2,120,353	2,118,668
Public safety	2,254,114	2,343,307	2,456,907	2,533,154	2,809,947	3,154,660	3,570,141	2,802,904	3,082,639
Public works	439,927	489,416	499,244	770,788	908,142	952,368	2,124,997	1,171,737	1,607,059
Health and welfare	301,353	310,101	319,954	322,904	559,748	765,367	312,634	227,201	117,578
Community development	394,920	785,934	1,658,335	513,186	1,097,735	1,941,978	973,349	2,103,070	947,358
Culture development	138,947	147,928	165,562	-	-	-	-	-	-
Capital Outlay	1,114,874	497,390	813,104	362,900	1,120,777	705,171	2,225,771	275,090	284,288
Debt service:									
Principal retirement	93,623	94,167	104,794	110,517	106,691	115,000	120,000	130,000	135,000
Interest and fiscal charges	274,975	270,055	267,389	263,297	255,667	248,585	242,720	236,480	575,197
Total expenditures	6,603,527	6,511,384	7,878,449	6,484,989	8,015,644	9,432,007	11,279,507	9,066,835	8,867,787
Excess (deficiency) of revenues over (under) expenditures	255,353	392,177	337,078	567,803	479,148	552,850	(2,350,478)	(1,171,780)	(363,719)
Other financing sources (uses):									
Transfers in	1,292,371	1,000,513	1,067,309	590,219	868,054	1,268,459	1,170,513	625,639	535,897
Transfers out	(1,292,371)	(1,000,513)	(1,067,309)	(590,219)	(868,054)	(1,268,459)	(1,198,622)	(625,639)	(531,242)
Issuance of bonds	-	-	-	-	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	(28,109)	-	4,655
Net change in fund balances	\$ 255,353	392,177	337,078	567,803	479,148	552,850	(2,378,587)	(1,171,780)	(359,064)
Debt service as a percentage of noncapital expenditures	7.2%	6.5%	6.0%	7.0%	6.0%	4.0%	4.0%	4.0%	9.0%

The City of Taft implemented GASB34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB34 is not available.

Source: City Finance Department

CITY OF TAFI
Government Activities Tax Revenue by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	General Property Taxes	Sales and Use Taxes	Franchise Taxes	Other Taxes	Totals
2002	643,046	1,327,077	271,515	66,426	2,308,064
2003	630,285	1,230,475	268,801	59,744	2,189,305
2004	638,204	1,214,847	297,575	42,146	2,192,772
2005	756,857	1,479,394	304,666	49,346	2,590,263
2006	836,777	1,498,302	318,594	60,073	2,713,746
2007	895,882	1,866,161	322,701	56,906	3,141,650
2008	1,062,733	1,838,661	328,936	128,726	3,359,056
2009	1,149,842	1,751,981	332,061	66,261	3,300,145
2010	1,005,749	1,570,736	326,789	720,537	3,623,811
2011	973,048	1,614,881	334,738	759,230	3,681,897

Source: City Finance Department

CITY OF TAFT
 General Government Revenue by Source
 Last Ten Fiscal Years
 (accrual basis of accounting)

Fiscal Year	Taxes	Licenses & Permits	Intergov't Revenues	Charges For Services	Fines & Forfeitures	Use of Money and Property	Other	Total
2002	2,308,064	91,616	1,865,768	1,229,428	8,127	487,954	981,781	6,972,738
2003	2,189,305	128,710	1,804,894	1,515,595	11,796	370,716	837,864	6,858,880
2004	2,192,772	106,965	1,866,885	1,359,758	22,945	380,777	973,459	6,903,561
2005	2,590,263	134,795	2,328,761	1,859,407	23,167	348,854	1,109,701	8,394,948
2006	2,703,746	49,970	1,770,972	2,078,023	32,280	342,992	443,476	7,421,459
2007	3,141,650	148,613	2,144,214	2,107,106	31,872	603,609	697,335	8,874,399
2008	2,901,394	134,570	4,312,428	1,338,550	23,124	903,213	371,578	9,984,857
2009	2,937,172	111,478	3,729,796	916,346	22,158	693,303	518,776	8,929,029
2010	2,576,485	116,062	2,549,943	767,857	25,071	651,063	1,208,574	7,895,055
2011	2,587,929	144,087	2,953,578	595,603	19,924	417,456	1,785,491	8,504,068

Source: City of Taft Finance Department

CITY OF TAFT
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2002			2011		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Cheveron USA Inc.	12,745,758	1	4.67%	\$ 16,995,891	1	4.08%
A and M Products Manufacturing Company	8,446,684	2	3.10%	-		0.00%
Wilson Taft Investment LLC	4,584,900	3	1.68%			0.00%
Pavia Associates	4,388,484	4	1.61%	5,685,665	4	1.36%
Time Warner Entertainment	2,108,550	5	0.77%	-		0.00%
Buena Vista Hills LLC	1,888,800	6	0.69%			0.00%
Bartoli Corporation	1,810,533	7	0.66%			0.00%
Consumnes Professional Building	1,800,000	8	0.66%			0.00%
Colston Family Trust	1,429,086	9	0.52%	4,253,324	6	1.02%
Union Pacific Railroad Company	1,415,191	10	0.52%			0.00%
D and D Equipment Investment LLC			0.00%	10,548,294	2	2.53%
Bear Valley Plaza LLC			0.00%	10,057,569	3	2.41%
Exterran ABS Leasing			0.00%	5,478,440	5	1.31%
Taft Production Company			0.00%	4,122,730	7	0.99%
Taft Plaza LLC			0.00%	4,096,975	8	0.98%
Hyponex Corporation			0.00%	3,370,327	9	0.81%
Beard Family Trust			0.00%	2,832,149	10	0.68%
Total taxable assessed value of ten (10) Largest taxpayers	\$ 40,617,986		14.90%	\$ 67,441,364		16.18%
Total taxable assessed value of other taxpayers	232,028,617		85.10%	349,289,975		83.82%
Total taxable assessed value of all taxpayers	<u>\$ 272,646,603</u>		<u>100.00%</u>	<u>\$ 416,731,339</u>		<u>100.00%</u>

Note:

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

Source: HdL Coren & Cone, Kern County Assessor's Office

CITY OF TAFI
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 (in thousands of dollars)

Fiscal Year Ended June 30	City			Taxable Assessed Value	Redevelopment Agency			Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured	Homeowners Exemptions		Secured	Unsecured	Homeowners Exemptions		
2002	188,607	15,318	7,809	211,734	179,778	1,603	(55)	181,326	0.165%
2003	195,131	15,764	7,970	218,865	18,452	7,988	(55)	26,385	0.165%
2004	194,148	14,239	7,917	216,304	18,803	1,791	(55)	20,539	0.165%
2005	207,939	14,151	7,969	230,059	19,219	2,770	(55)	21,934	0.165%
2006	224,977	13,620	7,817	246,414	21,043	3,604	(62)	24,585	0.165%
2007	246,887	13,506	7,657	268,050	23,421	3,958	(62)	27,317	0.165%
2008	273,102	13,964	7,588	294,654	30,192	4,098	(62)	34,228	0.165%
2009	287,088	14,579	7,603	309,270	34,055	15,620	(62)	49,613	0.165%
2010	264,908	20,579	7,565	293,052	34,198	4,535	(62)	38,671	0.165%
2011	269,581	32,519	7,390	309,490	34,902	4,475	(62)	39,315	0.167%

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: Kern County Assessor's Office

CITY OF TAFT
 Direct and Overlapping Property Tax Rates
 (Rate per \$100 of assessed value)
 Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City basic rate	0.165	0.165	0.165	0.165	0.165	0.165	0.165	0.165	0.165	0.167
Overlapping Rates:										
County Advertising	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001
Education	0.021	0.021	0.021	0.021	0.021	0.021	0.021	0.021	0.021	0.021
Education Revenue Augmentation Fund	0.172	0.172	0.172	0.172	0.172	0.172	0.172	0.172	0.172	0.170
Kern County	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190
Kern County Water Agency	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007
Taft High School	0.074	0.074	0.074	0.074	0.074	0.074	0.074	0.074	0.074	0.074
Taft School	0.276	0.276	0.276	0.276	0.276	0.276	0.276	0.276	0.276	0.276
West Kern Community Colleg	0.062	0.062	0.062	0.062	0.062	0.062	0.062	0.062	0.062	0.062
West Side Cemetary	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004
West Side Hospital	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007
West Side Mosquito Abatemer	0.006	0.006	0.006	0.006	0.006	0.006	0.006	0.006	0.006	0.006
West Side Recreation & Parks	0.014	0.014	0.014	0.014	0.014	0.014	0.014	0.014	0.014	0.014
Total Direct Rate	<u>1.000</u>									

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of the Example Unified School District bonds.

Source: HdL Coren & Cone, Kern County Assessor's Office

CITY OF IAFI
Property Tax Levies and Collections
Last Ten Fiscal Years (1)

Fiscal Year Endec June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy (2)
2002	643,046	381,578	59.34%	45,609	427,187	66.43%
2003	630,285	404,661	64.20%	(4,951)	399,710	63.42%
2004	638,204	390,793	61.23%	23,780	414,573	98.65%
2005	557,740	415,790	98.95%	54,957	470,747	100.91%
2006	524,102	447,148	85.32%	76,954	524,102	100.00%
2007	576,460	487,356	84.54%	89,104	576,460	100.00%
2008	605,701	542,641	89.59%	65,654	608,295	100.43%
2009	592,340	582,492	98.34%	11,109	593,601	100.21%
2010	520,167	485,582	93.35%	79,300	564,882	108.60%
2011	517,086	455,962	88.18%	65,440	521,402	100.83%

Note:

(1) Excludes Redevelopment property tax increment.

(2) Total collections to date may exceed 100% of annual levy due to the combination of declining value of tax levied and unusually high delinquencies collected in later years.

Source: City Finance Department

CITY OF TAFI
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities			Total Governmental Activities
	General Obligation Bonds	Tax Allocation Bonds	Loans and Leases	
2002	-	4,830,000	19,792	4,849,792
2003	-	4,740,000	16,169	4,756,169
2004	-	4,650,000	12,002	4,662,002
2005	-	4,550,000	7,208	4,557,208
2006	-	4,445,000	1,691	4,446,691
2007	-	4,340,000	-	4,340,000
2008	-	4,225,000	-	4,225,000
2009	-	4,105,000	-	4,105,000
2010	-	3,975,000	-	3,975,000
2011	-	3,840,000	-	3,840,000

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements

Source:

Hdl Coren & Cone

Business-type Activities						
Water Revenue	Sewer	Total Business-type	Total Primary	Percentage of Personal	Debt Per	
Bonds	Loan	Activities	Government	Income	Capita	
1,740,000	-	1,740,000	6,589,792	21.20%	10	
1,650,000	-	1,650,000	6,406,169	19.84%	9	
1,555,000	-	1,555,000	6,217,002	18.19%	9	
1,455,000	-	1,455,000	6,012,208	16.72%	8	
-	1,173,000	1,173,000	5,619,691	15.03%	7	
-	1,066,000	1,066,000	5,406,000	13.85%	7	
-	954,000	954,000	5,179,000	13.26%	6	
-	836,000	836,000	4,941,000	11.87%	6	
-	712,000	712,000	4,687,000	11.26%	6	
-	583,000	583,000	4,423,000	9.70%	5	

CITY OF TAFT
Direct and Overlapping Debt
As of June 30, 2011

City Assessed Valuation		\$ 348,805,328	
Redevelopment Agency Incremental Valuation		39,315,141	
Total Assessed Valuation		<u>\$ 309,490,187</u>	
	Percentage Applicable ¹	Outstanding Debt 6/30/07	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:			
West Kern Community College District	2.450%	\$ 34,457,236	\$ 844,202
Taft School District	12.920%	18,204,031	<u>2,351,961</u>
Total overlapping debt repaid with property taxes			<u>3,196,163</u>
Overlapping Other Debt:			
Kern County Certificates of Participation	0.399%	\$ 132,290,000	\$ 527,837
Kern County Pension Obligations	0.399%	424,380,506	1,693,278
Kern County Board of Education Certificates of Participation	0.399%	52,375,000	208,976
West Kern Community College District Certificates of Participaiton	2.450%	28,930,000	708,785
City of Taft General Fund Obligaitons	100.000%	1,295,000	<u>1,295,000</u>
Total Direct and Overlapping General Fund			<u>\$ 4,433,877</u>
TOTAL DIRECT DEBT			\$ 1,295,000
TOTAL OVERLAPPING DEBT			\$ 6,335,039
Combined Total Debt			\$ 7,630,040 (2)

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the city.

(2) Exclude tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$1,295,000)	0.42%
Combined Total Debt	2.47%

State School Building Aid Repayable as of 6/30/11: \$0

Source: California Municipal Statistics, Inc

CITY OF TAFT
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population	Personal Income (in Thousands)	Per Capita Personal Income	Unemployment Rate	Median Age	% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelor's Degree
2002	8,940	\$ 148,483	\$ 16,609	9.5%			
2003	9,023	\$ 151,843	\$ 16,828	10.0%			
2004	9,004	\$ 155,644	\$ 17,286	9.6%			
2005	9,059	\$ 160,592	\$ 17,727	8.3%			
2006	9,137	\$ 167,966	\$ 18,383	7.4%			
2007	9,138	\$ 171,967	\$ 18,819	8.0%			
2008	9,188	\$ 173,834	\$ 18,920	9.6%			
2009	9,119	\$ 169,649	\$ 18,604	14.1%	34.2	76.2%	8.6%
2010	9,264	\$ 150,521	\$ 16,248	15.6%	34.7	70.1%	8.5%
2011	9,052	N/A	N/A	N/A	N/A	N/A	N/A

Notes and Data Sources:

Population: California State Department of Finance

Unemployment Data: California Employment Development Department

Income, Age, and Education Data: ESRI - Demographic Estimates are based on the last available Census

Projections are developed by incorporating all of the prior census data released to date. Post census

trends in the population are extracted from a variety of data sources. Demographic Data is totaled from

Census Block Group that overlap the City's boundaries.

CITY OF TAFT
Principal Employers (1)
Current Year and Nine Years Ago

Employer	2011			2002		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
US Prison Bureau	400	1	10.84%	N/A		N/A
Gene Watson Construction	200	2	5.42%			
General Production Services	200	3	5.42%			
Taft Union High School District	175	4	4.74%			
Taft Production Company	153	5	4.15%			
Kmart	90	6	2.44%			
Albertsons	80	7	2.17%			
Final Phase Inc.	75	8	2.03%			
NTS Inc.	70	9	1.90%			
Taft Community Correctional	60	10	1.63%			
Cemex	50	11	1.36%			
Lincoln Junior High School	50	12	1.36%			
Taft College Child Care Center	50	13	1.36%			
McDonald's	45	14	1.22%			
Roosevelt Elementary School	45	15	1.22%			
Baker Hughes	42	16	1.14%			
Stewart & Stevensons LLC	40	17	1.08%			
West Kern Water District	40	18	1.08%			
Parkview Elementary School	37	19	1.00%			
Taft Primary School	35	20	0.95%			
Total of Top Employers	1,937		52.51%	N/A		N/A
Total Employees in City	3,689					

(1) Not all employees are employed within the Taft City Limits
Source: Provided by Hdl Coren & Cone
Note: Only current data is available

CITY OF TAFT
 Full-time and Part-time City Employees
 by Function
 Last Ten Fiscal Years

<u>Function</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General government	8	8	7	7	7	9	9	10	9	9
Public safety	28	28	30	30	30	33	24	24	24	24
Public works	7	7	7	7	8	8	8	8	8	8
Community										
Development	3	3	4	4	6	8	8	8	8	8
Sewer Systems	1	1	1	1	1	1	1	1	1	1
Refuse Collection	1	1	1	1	1	1	1	1	1	1
Transit	9	9	9	9	9	9	9	9	9	9
CCF Facility	58	58	56	56	56	62	62	65	65	65
Wastewater	1	1	1	1	1	1	1	1	1	1
TCDA	<u>1</u>									
Total	<u>117</u>	<u>117</u>	<u>117</u>	<u>117</u>	<u>120</u>	<u>133</u>	<u>124</u>	<u>128</u>	<u>127</u>	<u>127</u>

Source: City of Taft Finance Department

